



## **Doing Business In Bahrain:**

### **A Country Commercial Guide for U.S. Companies**

**INTERNATIONAL COPYRIGHT, U.S. & FOREIGN COMMERCIAL SERVICE  
AND U.S. DEPARTMENT OF STATE, 2006. ALL RIGHTS RESERVED  
OUTSIDE OF THE UNITED STATES.**

- Chapter 1: Doing Business In Bahrain
- Chapter 2: Political and Economic Environment
- Chapter 3: Selling U.S. Products and Services
- Chapter 4: Leading Sectors for U.S. Export and Investment
- Chapter 5: Trade Regulations and Standards
- Chapter 6: Investment Climate
- Chapter 7: Trade and Project Financing
- Chapter 8: Business Travel
- Chapter 9: Contacts, Market Research and Trade Events
- Chapter 10: Guide to Our Services

## Chapter 1: Doing Business In Bahrain

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)

### Market Overview

[Return to top](#)

- Bahrain's almost \$9.6 billion 2003 GDP economy has been growing 4 to 5 percent per year for the last five years. Its population of nearly 725,000 enjoys a per capita income estimated at US\$ 19,800\* (2005) on a purchasing power parity basis. The Government of Bahrain keeps price inflation low and its currency stable (the Bahraini Dinar is pegged at .377 to one U.S. dollar).
- In the first seven months of 2006, Bahraini exports to the U.S. totaled \$399 million, and U.S. exports to Bahrain totaled \$267 million, with total trade volume up 64% over the same period in 2005. In 2006, bilateral trade should exceed \$1 billion for the first time. U.S. direct investment to Bahrain increased from \$180 million in 2004 to \$194 million in 2005. Bahrain's services sector provides a wealth of business opportunities for U.S. firms and accounts for roughly 75% of its GDP. Bahrain has a well-regulated financial sector, which accounts for 27.6% of its GDP.
- The 2006 Heritage Foundation's "Index of Economic Freedom" ranked Bahrain 25<sup>th</sup>, recognizing Bahrain as "the freest [economy] in the region." The United Nations Conference on Trade and Development's (UNCTAD) World Investment Report 2005 ranked Bahrain as the highest and best among all Arab countries for its FDI performance, noting an FDI influx of \$865 million in 2004, a 41.1% increase from 2003, and third among all Arab countries for its potential FDI performance.
- The United Nations Conference on Trade and Development's (UNCTAD) World Investment Report 2005 ranked Bahrain as the highest and best among all Arab countries for its FDI performance, noting an FDI influx of \$865 million in 2004, a 41.1 percent increase from 2003, and third among all Arab countries for its potential FDI performance.
- The UN Economic and Social Commission for Western Asia (ESCWA), recognized Bahrain's 7 percent rate of real economic growth in 2005, partially attributable to a strong surge in oil prices, as the highest in the Arab world.
- The Government of Bahrain is determined to actively increase the entry of new private firms in an economy that has long been dominated by parastatals (outside of the financial services sector). Following the creation of a Supreme Privatization Council in the spring of 2001, the King of Bahrain, Shaikh Hamad bin Isa Al-Khalifa, issued a decree in October 2002 laying out guidelines privatizing

telecommunications, transportation, electricity, water, ports and airport services, tourism, oil, gas and postal service.

- In February 2002, the former Emirate of Bahrain became the Kingdom of Bahrain, and adopted a new constitution. Subsequent democratic reforms include universal suffrage, the first municipal elections in half a century (May 2002), and the first parliamentary elections in 30 years (October 2002). In 2005, the Heritage Foundation listed Bahrain as the world's 20th freest economy – the highest ranking in the region. The United States Trade Representative (USTR) concluded bilateral Free Trade Agreement (FTA) negotiations in May 2004 and signed the Free Trade Agreement in September 2004. Implementation of the FTA awaits ratification by both legislatures. The agreement seeks to expand and promote the scope of economic, commercial, investment, and trade relations between the two countries.
- The volume of trade between the U.S. and Bahrain (\$684 million in 2004) dropped significantly from 2003 to 2004 because of a decline in U.S. exports to Bahrain of over \$200 million, mostly attributed to a fall in sales of aircraft and parts following several years of strong sales. The U.S. is consistently one of Bahrain's leading trading partners with \$278 million in U.S. exports to Bahrain in 2004. U.S. products that traditionally do particular well are in aircraft and motor vehicles, mechanical and electrical, and medical equipment. U.S. firms are also involved in major infrastructure projects. Over 180 U.S. companies are currently represented in Bahrain with virtually all major U.S.-product brand names represented in local retail stores.
- Capitalizing on Bahrain's long history as a trading nation, the Government of Bahrain has developed the transportation and communication infrastructure necessary to attract and foster international business. Diversifying its economy to reduce Bahrain's reliance on oil, the government has become a regional financial center with a regulatory infrastructure of high international standards. To overcome its small size, Bahrain has further sought to position itself as a regional services hub. After early success, the financial, telecommunications, and transportation sectors have faced stiff competition from Dubai and elsewhere. In its quest to increase foreign investment, the Government of Bahrain targeted six "economic clusters" for further expansion: tourism, information and communication technology, health care, education and training, business services, and financial services. Downstream aluminum and petrochemicals industries also remain priorities.
- Oil revenues generate almost three-quarters, the government is 76% in 2005, and inexpensive gas fuels aluminum, iron, and petrochemical production facilities. The Bahraini Government hopes that exploration by ChevronTexaco and Petronas in recently opened offshore sites will yield commercially viable finds of oil.
- The government is deeply involved in industry, with wholly or partially government-owned enterprises still dominating much of the economy. Such leading enterprises as Bapco (oil refining), ALBA (aluminum) and Batelco (telecommunications), are all parastatals of varying degree. On February 8, 2005, Bapco announced access to \$1

billion in credit facilities from nine regional and international banks to develop and fund new investments, to include a \$685 million low-sulphur diesel project and a gas desulphurization project.

- Islamic banking is growing steadily. The Government of Bahrain seeks to strengthen the Islamic financial market in Bahrain.
- The Government of Bahrain is moving ahead with a number of industrial and infrastructure projects, which are driven by commercial, economic and social imperatives (expansion of electricity and water networks, job creation, and export expansion), which was made possible by years of healthy oil revenues.

### **Market Challenges**

[Return to top](#)

- The divide between the government and the private sector is not well defined in Bahrain, leading to potential conflicts of interest. In a few cases where entrenched local business interests are threatened, government decision-making becomes opaque. U.S. companies note a lack of transparency in government project tendering at times (see Chapter 6, Investment Climate). The GOB implemented a new tenders law in January 2003 to promote a more transparent tendering process. The newly established Tenders Board regulates and oversees most of the Government's tenders and purchases.
- Entrenched local business interests with government influence can cause problems for potential competitors. Interpretation and application of the law sometimes varies by ministry, and may be dependent on the stature and connections of an investor's local partner. Departures such as these from the consistent, transparent application of regulations and the law remain rare, and investors are usually well pleased with government cooperation and support.
- Bureaucracy and poor coordination between ministries on occasion impedes new industrial ventures. The government's priority of "Bahrainization" of the labor force – a quota system requiring employers to employ a minimum percentage of Bahrainis – can lead to delays and confusion over work permit issuance and renewal. The Crown Prince launched a labor reform process seeking to promote the employment and training of Bahraini workers. The process may result in legal changes in the labor field.
- Periodically – usually due to the Bahraini government's efforts to promote greater numbers of Bahraini citizens in the workforce – foreign firms have problems obtaining required work permits and residence visas for expatriate employees. However, this is not a matter of high-level policy and can often be resolved on a case-by-case basis.

### **Market Opportunities**

[Return to top](#)

- Bahrain offers a number of advantages as a business or investment destination, including a Bilateral Investment Treaty (BIT) with the United States (in force as of May 2001) and a bilateral Free Trade Agreement (FTA) signed in September 2004. English is widely spoken, and the openness of a centuries-old trade-based culture makes businesses and visitors feel welcome. The presence of the U.S. Navy's Fifth Fleet and Bahrain's designation as a Major Non-NATO Ally have given the island international recognition.
- The Government of Bahrain has substantially liberalized Bahrain's economy and deepened commercial ties with the U.S. In the past two years, Bahrain has passed laws liberalizing foreign property ownership and tightening its anti-money laundering laws. Bahrain was removed from the U.S. Special 301 Watch List in 1999, and has remained off through 2005.
- In spring 2002, the Government announced reforms allowing expatriates working in Bahrain to change jobs more easily, which introduced more flexibility into the labor market. In September 2002, the Government announced that both Bahrainis and expatriate workers would have the right to join unions under the new labor and trade unions law.
- The U.S.-Bahrain Bilateral Investment Treaty (BIT) entered into force in May 2001, as the first BIT in the GCC. The U.S.-Bahrain Bilateral Investment Treaty (BIT) provides benefits and protection to U.S. investors in Bahrain, such as most-favored-nation treatment and national treatment, the right to make financial transfers freely and without delay, international law standards for expropriation and compensation cases, and access to international arbitration. The BIT guarantees national treatment for U.S. investments across all sectors, with exceptions for ownership of television, radio (or other media), fisheries, and privatization of oil dredging or exploration. Bahrain also provides most-favored-nation or national treatment status to U.S. investments in air transportation, the buying or ownership of land, and the buying or ownership of shares traded on the Bahrain Stock Exchange (BSE).
- In June 2002, the U.S. and Bahrain signed a Trade and Investment Framework Agreement (TIFA), setting up a council for the negotiation of trade and investment issues. In May 2003, the Office of the United States Trade Representative (USTR) announced its intention to negotiate a free trade agreement with Bahrain. U.S.-Bahrain FTA negotiations were concluded in May 2004. The agreement was signed in September 2004 and is currently awaiting legislative approval from both the U.S. Congress and Bahrain's National Assembly. The agreement seeks to expand and promote economic, commercial, investment, and trade relations between the two countries.
- In late 2004, GCC member state Saudi Arabia noted its concern about the U.S.-Bahrain Free Trade Agreement, claiming that the agreement violated GCC rules. Bahrain insists that the agreement is in keeping with GCC provisions concerning

bilateral trade. Other GCC countries are in the process of negotiating an FTA with the United States.

- In an economy largely dominated by parastatals (outside of the financial services sector), the Government of Bahrain seeks to foster a greater private sector role in economic growth. Following the creation of a Supreme Privatization Council in the spring of 2001, the King of Bahrain, Shaikh Hamad bin Isa Al-Khalifa, issued a decree on October 2002 laying out guidelines for privatizing the following sectors:
  - Tourism
  - Telecommunications
  - Transport
  - Electricity and water
  - Ports and airport services
  - Oil and gas
  - Postal services.
- The telecommunications sector was the first key sector to be liberalized in Bahrain following the government's announced interest in opening traditionally government-controlled industries. The Telecommunications Regulatory Authority (TRA), established in late 2002, awarded a mobile telecommunications services license to MTC-Vodafone, thus ending the monopoly of Bahrain's telecom service provider, Batelco. Telecommunications liberalization also extended to paging services, very small aperture terminal (VSAT), public access mobile radio services, international telecommunications facilities, international telecommunications services, national fixed services, internet service provider (ISP) and value-added services license following the full liberalization of the sector on July 1, 2004. As of December 2004, the TRA announced the provision of three International Telecommunications Facility licenses (IFLs), five International Telecommunications Services Licenses (ISLs), five VSAT licenses, fifteen value-added Services (VAS) "Class" licenses and eight Internet Service Provider (ISP) licenses.
- The Government, under the privatization law, has made a commitment to gradually dispose of its interests and stakes in certain companies. But some deputies in the National Assembly's lower house (Council of Representatives) criticized the Government's decision to sell the remaining state holdings of the Bahrain Telecommunication Company (Batelco).
- Public transportation service was privatized in 2003. CARS, a Bahrain-UAE joint venture, started operating in May 2003 with 41 new, air-conditioned, 52-seat buses. The CARS company completed its plan to acquire 20 new buses by the end of 2003. Its total investment in the public transportation privatization project is approximately \$10 million.

- The Kingdom's first independent power plant project (IPP) was also successfully tendered and awarded to Bahraini-based Al Ezzel Independent Power Producer (IPP), which is equally owned by a Belgian-Gulf consortium of Trabactel EGI and Gulf Investment Corporation.
- Four international operators have also been short-listed to manage Mina Salman and the new Hidd ports.
- The Government of Bahrain has a generally liberal approach to foreign investment and is eager to improve Bahrain's attractiveness to international investors and businesses. Top government officials make frequent public statements citing growth of foreign investment as one of the government's main priorities. According to GOB officials, Bahrain rates number 29 worldwide in attracting foreign direct investment and the average foreign direct investment into the local market reached \$1.7 billion over the past three years. The government has focused its efforts on the entry of new private firms, particularly in the information and communications technology, education and training services, tourism, financial services, business services, healthcare services and downstream industries. Bahrain's Crown Prince is also an outspoken proponent of privatization in Bahrain. The Crown Prince took over the chairmanship of the Economic Development Board (EDB), a "one-stop-shop" for potential investors, and in 2004 was entrusted with the King's labor, economic, and training reform visions.
- The government actively seeks Bahraini and foreign private investments in large infrastructure projects. Previously, most such activity (other than hotels) was funded by development agencies from other Gulf countries (particularly Kuwait, UAE, and Saudi Arabia). Foreign-owned companies are eligible for partial financing from the state-owned Bahraini Development Bank (BDB), if they meet certain criteria such as providing training and employment to a significant number of Bahrainis.
- There have been no expropriations in recent years, and no cases in contention. The U.S. - Bahrain Bilateral Investment Treaty (BIT) protects U.S. investments by banning all expropriations (including "creeping" and "measures tantamount to") except those for a public purpose. In which case, it must be carried out in a non-discriminatory manner, with due process, and prompt, adequate, effective compensation.
- No organized economic boycotts took place in Bahrain in 2003 and 2004, in spite of the war in Iraq.
- Bahrain's economic performance further improved across the board in 2004 due to higher average oil prices throughout the entire year yielding greater government revenues, resulting in continued large scale investments, greater confidence in the banking sector, and the resumption of major private sector projects in Bahrain.

- The Commercial Section in the U.S. Embassy Bahrain, encourages U.S. companies interested in coming to Bahrain to consult with them for additional details and guidance.

## **Market Entry Strategy**

[Return to top](#)

- In general, establishing a business presence in Bahrain is straightforward. The Government of Bahrain (GOB) actively seeks to increase foreign direct investment in Bahrain.
- A carefully selected local partner can advise U.S. firms on advertising, promotion, and pricing. Due to the difference in culture and conditions, techniques and phraseology that are effective in the U.S. may not be effective in Bahrain.
- Face-to-face contact with importers can significantly increase a company's business prospects. Maintaining business relationships with regular communication is also important. U.S. suppliers should stress U.S. origin, competitive prices, high quality, customer service, customer satisfaction, and new-to-market status if applicable.
- U.S. toll-free (1-800) numbers are normally not toll-free from outside the U.S. American companies that advertise their products and services in Bahrain should consider obtaining international toll-free service.

**[Return to table of contents](#)**



## **Chapter 2: Political and Economic Environment**

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/26414.htm>

**[Return to table of contents](#)**

[Return to table of contents](#)

### **Chapter 3: Selling U.S. Products and Services**

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

#### **Using an Agent or Distributor**

[Return to top](#)

Bahrain offers several advantages to U.S. and other foreign investors, including a Bilateral Investment Treaty (BIT) with the United States (in force as of May 2001) and a bilateral Free Trade Agreement (FTA) signed in September 2004, (but not yet ratified or in force).

Because of the National Treatment offered to American firms in the Bilateral Investment Treaty (BIT), American firms interested in selling products exclusively in Bahrain are no longer required to appoint a commercial agent, though they may opt to do so anyway. A commercial agent is any Bahraini party appointed by a foreign party to represent the foreign party's product or service in Bahrain. Local law governs the relationship, whether the relationship is structured as a distributorship, sales agency, or otherwise. Appointing a commercial agent enables the foreign party to achieve significant market penetration without establishing a direct presence.

Prior to 2003, traders that imported products with the aid of an agent had to pay the agent a commission rate (maximum five percent). In 2003, this fee was lifted; importers are no longer restrained by their agents' monopoly of the local market.

A company that services even one additional Gulf Cooperation Council (GCC) country qualifies as a regional office. Bahraini law does not require foreign companies to hire a local agent or partner to establish a regional office in Bahrain. Nevertheless, U.S.

companies setting up regional offices typically find it useful to have a relationship with a local representative, particularly to deal with the local bureaucracy.

When a contract is being drawn up, the use of the term "agent" often creates difficulties due to definitional differences. The Ministry of Industry and Commerce allows for substitution of the term "agent" with the term "distributor", which can more accurately describe the function intended.

Contracts between the Principal and the Bahraini agent should contain the names, nationalities, and assets of the parties, along with a description of the types of products handled.

A clause in the Commercial Agencies Law requires the agent to provide spare parts and tools needed to maintain and repair any machinery or equipment sold by the agency (Article 3, paragraph h, Legislative Decree No. 10 of 1992).

Appointing a representative agent in Bahrain requires care and a thorough vetting of candidates. The Commercial Section of the U.S. Embassy can provide assistance. A list of business programs offered by the Commercial Section in Bahrain can also be obtained from our website at <http://www.buyusa.gov/bahrain>.

#### **Establishing an Office**

[Return to top](#)

The Ministry of Industry and Commerce commercial registration law requires a company to register at Bahrain Investors' Center (BIC), located at the Seef Mall in the Seef District, before conducting business in Bahrain.

The Domestic Trade Affairs Directorate in the Ministry of Industry and Commerce regulates all commercial licenses and activities in Bahrain. The Commercial Registration Department issues commercial licenses, collects registration fees, processes Commercial Registration (CR) applications, publishes announcements in the official gazette, and provides counseling services to potential investors.

Applicants may obtain a Commercial License Application Form from the Bahrain Investors' Center (BIC), located at the Seef Mall, or electronically from the Ministry of Industry and Commerce's [webpage](#).

#### **Bahrain Investors' Center (BIC)**

Seef Mall

Seef District

P.O. Box 5479

Phone: +(973) 17-562222

Manama

Kingdom of Bahrain

Website: <http://www.commerce.gov.bh/> or <http://www.bi.bh>

**On-Line Commercial Inquiries**

The Ministry of Industry and Commerce has an online registration process. The applicant must first fill out a subscription form at the Bahrain Investors' Center (BIC), located at the Seef Mall, in the Seef District of Bahrain. Once registered with the Ministry of Industry and Commerce (through the Investors' Center), a company may conduct all dealings with the Ministry via its website: <http://www.commerce.gov.bh/>. The website also provides comprehensive information on domestic commercial affairs.

**Hot Line for Commercial Inquiries**

The Ministry of Industry and Commerce's hotline is +(973) 17-574777 (option number 5). It may be used for commercial inquiries, requesting information about existing companies, renewing Company Registrations, and filing complaints.

**Assistance in Establishing a Company**

The Government of Bahrain (GOB) encourages potential foreign investors to request assistance from the Economic Development Board (EDB), a government office set up to facilitate foreign direct investment in Bahrain. The Crown Prince took over the chairmanship of the Economic Development Board (EDB), a "one-stop-shop" for potential investors, and in 2004 was entrusted with the King's labor, economic, and training reform visions. The EDB has the authority to issue permits and licenses, and provide land for certain types of investors. However, foreign companies often find that the EDB does not always facilitate the registration process.

**Economic Development Board (EDB)**

Tel: +(973) 17-589999

Fax: +(973) 17- 589900

Website: <http://www.bahrainedb.com/>

E-mail: [edb@bahrainedb.com](mailto:edb@bahrainedb.com)

**Registration Agents**

The Ministry of Industry and Commerce accredits Registration Agents to provide commercial registration services for applicants. These agents include law firms, industrial property registration agents, auditing firms, and consulting companies. Applicants may prefer to work through these experienced consultants who often provide legal, financial, and other services. Registration agents generally ensure the best legal protection available in the Bahrain in accordance with the size, shape, and activities of the applicant. To obtain a list of accredited Registration Agents, visit the Ministry of Industry and Commerce's [website](#).

Although a local attorney is not required to draw up agency and sales agreements, it is advisable to use one. The U.S. Embassy can provide a list of local attorneys. Many well-known international law firms, including U.S. firms, have offices in Bahrain.

## How to Establish a Business in Bahrain

- Log on to the Ministry of Industry and Commerce website:  
<http://www.commerce.gov.bh/>
- Click *Inquiry*, then select *Business Activity*.
- Determine what approvals are required for your specific business activity.
- For questions, e-mail [ecom@commerce.gov.bh](mailto:ecom@commerce.gov.bh), or call the Ministry's hotline at +(973) 17-522911.



- Visit the Investors Services Center (BIC) located at the Seef Shopping Mall and fill out a Commerce Registration application form.



- An Investors Services Center (BIC) representative will direct you to the appropriate Ministry if prior approval is required for your business activity.



- After receiving the necessary approvals, you must provide a BD 2 fee, and a copy of the following documents:
  - Passport
  - CPR (Central Population Registration card)
  - Resume including educational credentials
  - Certificates substantiating training and experience
  - Statement of Assets



- The company will be registered in 1-5 business days, in most cases (please refer to Chapter 6: Investment Climate).

**Company Registration Options**  
Source: Ministry of Industry and Commerce

Corporate Entity Shares	Public Joint Stock	Closed Joint Stock	W.L.L.	Single person	Partnership	Limited Partnership by Shares	Simple Limited Partnership	Branch	Representative Office
<b>Characteristics</b>									
100% Foreign Ownership Allowed	Refer to Notes - *2	Yes	Yes	Yes	Yes	No	No (100% foreign ownership not allowed for local retail) Refer to Notes - *1	Yes	Yes
Banking/Insurance Activity Allowed	Yes	Yes	No	No	No	No	No	Yes	Yes
Local Operations Allowed	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Minimum Share Capital in Bahraini Dinars	1,000,000	250,000	20,000	50,000	N/A	20,000	N/A	N/A	N/A
Minimum # of Partners Required	7	2	2	1	2	4	2	N/A	N/A
Sponsor Required	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Refer to Notes - *3	N/A
Limited Liability	Yes	Yes	Yes	Yes	No	Refer to Notes - *5	Refer to Notes - *5	Refer to Notes - *4	No
Financial Statement Required	Yes	Yes	Yes	Yes	No	Yes	No	No	No
Ordinary General Assembly Required	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
Operating as a local or 100 foreign or both	Yes	Yes	Yes	Yes	No	No	No	No	No

or both

liability for limited partners

**Notes:**  
 \*1 49% foreign ownership of capital allowed (only applied for retail sales)  
 \*2 Minimum share capital for a public joint stock company can be 100% local or 100 foreign or both  
 \*3 Sponsor is required for some activities such as trading (retail sales)  
 \*4 Depends on the legal status of the parent company  
 \*5 Not limited liability for shareholders while it is limited liability for limited partners

### **Establishing Manufacturing Facilities**

The procedures for establishing manufacturing facilities resemble those for founding any other commercial establishment. Manufacturing enterprises benefit from duty-free imports, long-term land leases, and a tax-free environment with no personal or corporate income, no withholding, and no VAT. When establishing a manufacturing facility in Bahrain, it is advisable to have a local partner with the ability to navigate the incorporation procedure and make necessary arrangements with local authorities.

In principle, private entities may freely establish, acquire, and dispose of interesting business enterprises, subject to the limitations noted in this chapter.

Bahrain permits 100 percent foreign-ownership of new industrial entities and the establishment of representative offices or branches of foreign companies without local sponsors. Wholly foreign-owned companies may be set up for regional distribution services and may operate within the domestic market as long as they do not exclusively pursue domestic commercial sales. Private investment (foreign or Bahraini) in petroleum extraction is permitted only under a production-sharing agreement with Bapco, the state-owned petroleum company.

### **Ownership of Land**

Since January 2001, foreign firms and GCC nationals may own land in Bahrain. Non-GCC nationals may now own high-rise commercial and residential properties, as well as property in the following sectors:

- Commercial
- Industrial
- Tourism
- Banking and financial Services
- Healthcare
- Education and training

Foreign investors may own commercial property in the following areas:

- Ahmed Al-Fateh (Juffair) district
- Hoora district
- Bu Ghazal district
- Seef district
- Northern Manama, including the Diplomatic Area where the main international corporations are located

Foreign investors may own residential property in the following tourist areas:

- Durrat Al Bahrain
- Dammam Hawar
- Al Amwaj Islands
- Bahrain Financial Harbor

The Amwaj Islands project developer Ossis Property Development Company E.C. recently announced that expatriates and international/foreign investors investing in the Amwaj Islands will

be issued special residence permits.

### **100% Repatriation of Capital**

Bahrain has no exchange control restrictions on repatriation of capital, profits and dividends, enabling full financial transferability of capital, profits and dividends. The Bahraini Dinar, which is fully convertible, is pegged to the U.S. dollar at the fixed rate of \$1= B.D. 0.377

### **Tax Free**

Bahrain levies no taxes on personal or corporate income. There is no withholding and no value-added tax (VAT).

### **Long-Term Land Leases**

Companies that do not want to purchase land in Bahrain may lease it from the government. The Industrial Area Directorate at the Ministry of Industry oversees long-term land leases, which are available for a maximum of 50 years. Government lease arrangements are governed by Legislative Decree Number 28 of 1999, which addresses the Establishment and Organizing of Industrial Areas by setting out the rights and obligations of contracting parties.

#### **Industrial Areas Directorate**

P.O. Box 10908

Tel: +(973) 17-731155

Fax: +(973) 17-530939

Website: <http://www.industry.gov.bh/>

### **Average Commercial and Industrial Land Purchasing Rates (2004 figures)**

Industrial Land	\$2.70 per meter square per year
Industrial construction cost (hangar-type structures)	\$333 per meter square
Warehousing (hangar-type structures)	\$2 to 55 per square meter per month

### **Office rents (2004 figures)**

High-end office blocks in downtown Manama and the Diplomatic Area	\$10 to 25 per meter square per month, plus services
Medium range unit space (80 to 120 square meters)	\$550 to 1000 per month

### **Residential Rents (2004 figures)**



Villa: 3 to 4 bedroom semi-furnished	\$750 to 3500 per month
Apartments: 2 bedroom semi-furnished	Starting \$500 per month
2 bedroom fully furnished	Starting \$ 800 per month

### Utilities, Electricity, Water and Municipality Costs (2004 figures)

Utilities	Commercial Rate	Residential Rate
<b>Electricity</b>	BD 0.012 per kilowatt hour	First 2000 units: BD 0.006/unit
		Next 3000 units: BD 0.012/unit
		Additional units: BD 0.016/unit
<b>Water</b>	First 450 m3: BD 0.300/m3	First 450 m3: BD 0.300/m3
	Additional amount: BD 0.400/m3	Additional amount: BD 0.400/m3
<b>Municipality fee</b>	10 percent of monthly rent	

### Labor Standards

The Labour Law for the private sector promulgated by Amiri Decree Law Number 23 of 1976, is the main legislation on private sector labor standards in Bahrain. Normal work hours, in the private sector, are not to exceed 40 hours per week or 8 hours per day (and are not to exceed 30 hours per week and 6 hours per day during Ramadhan). No employee can work more than six consecutive hours without a minimum thirty-minute break (not part of the hours of work). A paid maternity leave of 45 days must be granted as well as 21 paid holidays (includes official holidays, etc.), 21 days of annual leave per year (increasing to a period not less than 28 days after five continuous years of service), and 15 days (full pay) of sick leave.

### Wages

There is no national minimum wage labor law. Basic wage rates vary according to location and industrial sector, while supplementary benefits, which may include bonuses, free uniforms, free or subsidized transport, performance incentives and other benefits, vary from company to company. Most companies provide medical benefits (medical insurance) but it is not compulsory.

### Guide to the recruitment of non-Bahrainis in the Private Sector

The objective of this guide is to clarify to employers and citizens the procedures of recruiting non-Bahrainis in accordance with Amiri Decree Law 33 for 1976 Bahraini Labor Law for the Private Sector Legislation.

### General Instructions

The Ministry of Labor and Social Affairs issued the Bahraini Occupational Specification and Classification Directory, which contains names and codes of occupations that are prevailing in Bahrain. It also helps in drawing up the economic and statistic profiles of the country. According to the Directory, the following instructions shall be observed:

1. Upon the submission of the application of recruitment from abroad, the correct code of the occupation must be registered.
2. Copies of the Occupational Specification and Classification are available at the Foreign Employment Section.
3. In case of inability to get the required occupational code or to reconcile the name and the code, please refer to the Research and Labor Studies Section.
4. The applicants or their representatives shall submit applications or delegates authorized by the Ministry of Justice and Islamic Affairs.
5. If the application is refused, they shall be informed by mail of the reasons of such refusal.

#### **Applications Submission Times**

Applications may be submitted daily from 7:15 a.m. to 12:30 p.m.

#### **Procedures of Submitting Applications and the Required Attachments**

Recruitment Applications for expatriates (non-Bahrainis) for Commercial Establishments:

1. Complete the recruitment application form.
2. Provide a copy of the commercial registration.
3. Provide a copy of the CPR of the applicant or his representative with a copy of the official authorization.
4. Attach agreements, contracts, and licenses that show the size of work.
5. Provide a copy of the social insurance inventory if establishment employs ten workers or more.
6. Establishments employing less than ten workers shall employ at least one Bahraini.
7. If there is difference between the Ministry's information and the social insurance inventory concerning the number of employees, a certificate will be requested from Immigration.
8. When applying for substitution, a certificate of departure will be requested.
9. The last electricity bill paid, or the bills of the last two months, must be submitted.

**New Labor Work Permits**

- Establishments  
BD 100/-
- Local Employment  
BD 100/-

**Renewal of Labor Work Permit**

- Establishments  
BD 100/-
- Renewal of local employment  
BD 150/-

**Transfers**

- Change of occupation  
BD 35/-
- Local transfer  
BD 35/-

**Franchising**[Return to top](#)

The demand for U.S. restaurant franchises remains strong in Bahrain. As of February 2005, over 40 U.S. franchise restaurants were operating in Bahrain, including: Baskin Robbins, Burger King, California Cheesecake, Chili's, Dairy Queen, Domino's Pizza, Donut Inn, Fuddruckers, Gorin's Homemade Ice Cream & Sandwiches, Gyro Wraps, Applebees, Hardees, Hard Rock Café, Hol'N'One, Kentucky Fried Chicken, McDonald's, Pizza Hut, Ponderosa, Round Table California Pizza, Taco Maker, Trader Vic's, and Johnny Carrino's.

Bahraini firms are eager to establish new market opportunities and are interested in investing in foreign franchise concepts. Most franchisees finance their franchise purchases through bank loans, personal savings or family investment funds.

## **Direct Marketing**

[Return to top](#)

A carefully selected local partner can advise U.S. firms on advertising, promotion, and pricing. Due to the difference in culture and conditions, techniques and phraseology that are effective in the U.S. may not be effective in Bahrain.

Face-to-face contact with importers can significantly increase a company's business prospects. Maintaining business relationships with regular communication is also important. U.S. suppliers should stress U.S. origin, competitive prices, high quality, customer service, customer satisfaction, and new-to-market status if applicable.

U.S. toll-free (1-800) numbers are normally not toll-free from outside the U.S. American companies that advertise their products and services in Bahrain should consider obtaining international toll-free service.

## **Joint Ventures/Licensing**

[Return to top](#)

The demand for joint venture and licensing opportunities remains high in Bahrain as core infrastructure, information and communication technology, electricity and water, tourism, training and education sectors are privatized and identified as key growth sectors.

American companies are attractive to Bahraini partners due to their readily recognized names and the opportunity for technology transfer.

The [Commercial Section at the U.S. Embassy in Bahrain](#) helps match American and Bahraini firms looking to form joint ventures in both the local and regional market.

## **Selling to the Government**

[Return to top](#)

For government sales, except where an agent is not permitted (e.g., sales to the Bahrain Defense Force), it is generally advisable to have a local agent to serve as a point-of-contact, provide advice on tender preparation, and act as "eyes and ears." It is generally recommended to have a local agent or contact vet tender documents prior to their submission. Bidders must meet the specifications set out in the tender and offer a competitive price in order to be successful. Local agent can provide valuable advice on pricing and timing.

In the past, government-tendering procedures for large projects were not highly transparent. U.S. companies sometimes reported operating at a disadvantage compared to other international firms. Contracts were not always decided solely on the basis of price and technical merit, and selected, pre-qualified firms were sometimes invited to bid on major government tenders. As of January 2003, however, the newly created Tenders Board processes all tender decisions valued at BD 10,000 (\$26,525) or higher. Individual ministries and departments may still process projects valued at less than \$26,525 (BD 10,000). It is too early to determine the effectiveness of the new government procurement law on the transparency of the tendering process. A local representative with strong connections may still be important in the bidding process.

U.S. companies should consider visiting the Commercial Section in U.S. Embassy for a commercial briefing in advance of bidding for a Government project, or before engaging in any local venture. Professional legal advice may also be appropriate in which the Commercial Section in the U.S. Embassy can provide a list of local law firms.

Government procurement regulations are available from the Tenders Board or the Commercial Section in Bahrain. The Tenders Board also advertises its tenders on their website.

## **Distribution and Sales Channels**

[Return to top](#)

The U.S.-Bahrain Bilateral Investment Treaty (BIT), signed by both governments in 2001, stipulates national treatment for citizens of both countries in each of their respective territories. This includes the retail industry, for which 51 percent Bahraini ownership was previously required. However, certain exceptions to this ruling are provided under existing Bahraini commercial registration laws.

The Commercial Agencies Law of 1975 (amended in 1992 and 1998) regulates commercial agencies. The 1998 amendment modernizes the law considerably, bringing Bahrain into line with its WTO obligations. In place of sole or exclusive agencies, foreign principals may now appoint multiple agents in Bahrain. The law provides for the option of fixed-term agency agreements and the right for a principal to terminate an unproductive agreement through the Ministry of Commerce. The requirement for commissions was lifted in 2003.

### **Services with Restrictions on Foreign Ownership/Participation:**

- Legal Services
- Advertising Services
- Publishing and Publication of Local Newspapers and Periodicals
- Freight and Cargo Services
- Customs Clearance Services
- Pilotage and Berthing Services
- Coastal Water Transportation
- Energy Services Towards the Distribution of Petroleum, Electricity, and Water
- Telecommunications Services
- Real Estate Services
- Islamic Pilgrimage Services

### **Services Requiring Local Presence:**

- Accounting, Financial Auditing, Bookkeeping and related Services
- Advertising Services
- Architectural and Engineering Services
- Car Rental Services
- Census, Market Research and Public Opinion Polling Services
- Construction Services and Construction Related Services

- Consultancy and Management Services
- Debt Collection Services
- Legal Services
- Private Security Guard Services
- Publishing and Printing
- Real Estate Services
- Services Incidental to Mining
- Small Business Services
- Terrestrial over the Air Radio, Television, Satellite Subscription Services in the territory of Bahrain
- Tourism Hotel Operations and Management
- Transportation Services
- Travel Agency Tour Operators and Tourist Guide Services
- Wholesale and retail Services

### **Selling Factors/Techniques**

[Return to top](#)

A carefully selected local partner can advise U.S. firms on advertising, promotion, and pricing. Due to the difference in culture and conditions, techniques and phraseology that are effective in the U.S. may not be effective in Bahrain.

E-commerce is on the rise in Bahrain where computer-literacy rates are high and people recognize the commercial value of the Internet. A number of private businesses with no web presence are realizing the importance of e-commerce websites and are making plans to launch their own websites.

### **Electronic Commerce**

[Return to top](#)

In September 2002, Bahrain implemented an Electronic Transactions law, recognizing the validity of electronic transactions. In a push to use this technological opening, the Ministry of Industry and Commerce has implemented electronic government. Banks offer electronic banking and the parastatal telecommunications company now accepts electronic transactions for bill payments

In 2003, the Ministry of Commerce established a directorate for electronic commerce to promote e-commerce services. The Directorate of Electronic Commerce's services include:

- Adopting the concept of "internet for business" in order to help commercial institutions in Bahrain benefit from information and communication technology as a major tool for effectively competing in world markets;
- Encouraging the private commercial sector to take up e-commerce as a delivery channel, through developing programs and providing consultancy services and guidance to help small and medium institutions make use of information technology and communication services.

E-commerce is on the rise in Bahrain where computer-literacy rates are high and people recognize the commercial value of the Internet. Bahrain's principal telecommunications company Batelco

reports that Internet accounts are increasing rapidly. Almost all government ministries have launched e-commerce websites. The Government is also under the process of integrating and implementing E-Government.

## **Trade Promotion and Advertising**

[Return to top](#)

Advertising approaches differ according to the market sector. Extravagant product launches are becoming the norm. Consumer goods and services advertising techniques include the full range of television, radio, newspapers and magazines, internet, outdoor advertisements and other approaches.

### **Radio/TV/Cable**

There are three nationwide TV channels and two nationwide radio channels in Bahrain: all of which are government channels. TV Channel 44 and 4 broadcast programs in the local language (Arabic) and Channel 55 broadcasts in English; the English radio-broadcasted on bandwidth 96.5 F.M. and Arabic is broadcasted 93.3 F.M.

Bahrain News Agency, Radio Bahrain, Bahrain Television  
Ministry of Information  
Chief Executive Officer  
Tel: +(973) 17-686000  
Fax: 17-681544  
Webpage: <http://www.bhaintv.com/>

Bahrain News Agency  
Tel: +(973) 17-689044  
Fax: +(973) 17-683825  
Webpage: <http://www.bhaintv.com/>

### **Newspapers and Magazines**

Bahrain has several Arabic-language newspapers, the largest being Al Ayam, Al Wasat, and Akhbar Al Khaleej. The primary business oriented paper is Al Ayam newspaper's Economic supplement. There are two English-language newspapers, the Gulf Daily News and the Bahrain Tribune. Business-oriented magazines include Trade Arabia, Gulf Construction, Gulf Industry, Oil and Gas Middle East, and Zawya.

### **Arabic Language Newspapers**

#### ***Akhbar Al Khaleej***

P.O. Box 5300  
Manama, Kingdom of Bahrain  
Tel: +(973) 17-620111  
Fax: +(973) 17-621566  
Website: <http://www.akhbar-alkhaleej.com/>

***Al-Ayam***

P.O. Box 3232

Manama, Kingdom of Bahrain

Tel: +(973) 17-727111

Fax: +(973) 17-729009

Website: <http://www.alayam.com/>

***Al-Wasat Newspaper***

P.O. Box 31110

Manama, Kingdom of Bahrain

Tel: +(973) 17-596999

Fax: +(973) 17-596900

Website: <http://www.alwasatnews.com/>

***Al-Meethaq Newspaper***

P.O. Box 15200

Manama, Kingdom of Bahrain

Tel: +(973) 17-877777

Fax: +(973) 17-784118

Website: [www.almeethaq.net](http://www.almeethaq.net)



## **English Language Newspapers**

### ***Gulf Daily News***

P.O. Box 5300

Manama, Bahrain

Tel: +(973) 17-620222

Fax: +(973) 17-622141

Website: <http://www.gulf-daily-news.com/>

### ***Bahrain Tribune***

P.O. Box 3232

Manama, Kingdom of Bahrain

Tel: +(973) 17-827111

+(973) 17-727111

Fax: +(973) 17-827222

Website: <http://www.bahraintribune.com/>

## **Domestic Trade Fairs**

Domestic trade fairs can provide U.S. firms with an opportunity to increase brand awareness, investment opportunities, and locate trade partners.

Bahrain is keen in drawing exhibition and conference participants to Bahrain and activating its role as a regional expo and conference hub. Bahrain has one government-affiliated conference and exhibition facility. Many hotel chains have conferencing and exhibiting capability. For a listing of conferences and exhibitions, please visit the Bahrain International Exhibition Center's (BIEC) webpage, <http://www.bahrainexhibitions.com/>.

## **Exhibiting facilities**

The Bahrain International Exhibition Center (BIEC) is a modern, air-conditioned facility, featuring 14,000 square meters of internal hall space and 50,000 square meters of total land area. There are also comprehensive under-floor services and 10,000 square meters of space as well as parking for 500 cars. The exhibition center has enhanced Bahrain's position as a venue for trade shows and conferences in the Gulf region. Bahrain is easily accessible by car via the King Fahad Causeway from Dhahran, Saudi Arabia. Frequent air service is also available from the other Gulf States, as well as from major European and South Asian commercial centers.

### **Bahrain International Exhibition Center (BIEC)**

P.O. Box 11644

Manama

Kingdom of Bahrain

Tel: +(973) 17-550111

Fax: +(973) 17-553447

Website: <http://www.bahrainexhibitions.com/>

E-mail: [biec@batelco.com.bh](mailto:biec@batelco.com.bh)

## **Conference Centers at Major Hotels**

Several major hotels also offer first-class facilities for conference and exhibitions:

**Hilton Bahrain Hotel**

P.O. Box 1090

Manama

Kingdom of Bahrain

Phone: +(973) 17-535000

Fax: +(973) 17-532071

Website <http://www.hilton.com/>

E-mail: [rm\\_bahrain@hilton.com](mailto:rm_bahrain@hilton.com)

Location: 10 minutes drive from the airport and the Bahrain International Exhibition Centre.

Walking distance from Bab Al Bahrain (downtown).

Business Services: 250 Rooms, executive floor, business center with phone, fax, computers, conference facilities, and a conference center known as the Gilgamesh Ballroom.

<b>Hilton Bahrain Hotel – Summary of Facilities and Capacities</b>				
Function Rooms	Theatre	Classroom	Banquet	Reception
Gilgamesh Anteroom	120	80	100	125
Gilgamesh A	200	120	130	200
Gilgamesh A and B	500	300	350	500
Gilgamesh A and B and Anteroom	550	380	450	600
Um Nassan	40	20	30	40
Al Ghazal	40	15	15	70
Um Nassan and Al Ghazal	80	35	45	100
Rooms 616 / 716	20	12	16	20

**Diplomat Radisson SAS**

P.O. Box 5243

Manama

Kingdom of Bahrain

Phone: +(973) 17-531666

Fax: +(973) 17-530843

Website: <http://www.diplomatrdsas.com.bh/>

E-mail: [sales.diplomat@radissonsas.com](mailto:sales.diplomat@radissonsas.com)

Location: Business district (Diplomatic Area) in Manama.

Business Services: 243 Rooms, an Executive Floor, business center.

<b>Diplomat Radisson SAS – Summary of Facilities and Capacities</b>						
Function Rooms	Theatre	Classroom	Conference	Boardroom	Banquet	Reception

Grand Ambassador Suite 1	400	200	90	90	400	400
Grand Ambassador Suite 2	250	100	50	50	250	250
Grand Ambassador Suite 3	250	100	50	50	250	250
Grand Ambassador Suite 4	250	100	50	50	200	250
Grand Ambassador Suite Combined	150	500	300	300	1100	1700
Syndicate Rooms 1, 5, 6			16	16		
Syndicate Rooms 3, 4, 5, 6	25	15	16	16	16	40
Syndicate Rooms 3, 4	50	30	32	32	50	70
Eben Sina	30	15	18	18	30	30
Eben Al Nafis	20	18	18	18	25	30
Eben Roshed	18	10	12	15	20	25

### **The Regency Intercontinental Bahrain**

P.O. Box 777

Manama

Kingdom of Bahrain

Phone: +(973) 17-227777

Fax: +(973) 17-229929

Website [www.intercontinental.com/manama](http://www.intercontinental.com/manama)

E-mail [bahrain@interconti.com](mailto:bahrain@interconti.com)

<b>Regency Intercontinental Hotel – Summary of Facilities and Capacities</b>					
Function Rooms	Theatre	Classroom	Conference	Banquet	Reception
Al Riffa Ballroom Lounge	100	50	30	80	160
Al Riffa Ballroom I	120	60	30	80	180
Al Riffa Ballroom II	300	150	80	220	350
Al Riffa Ballroom III	150	80	40	100	180
Al Riffa Ballroom Combined	670	340	180	480	870
Regents Room	40	35	25	40	60
Hawar	100	60	30	60	60
Onaizah I	40	30	25	12	40
Onaizah II	20	20	12	30	30

**Sheraton Bahrain Hotel**

6 Palace Avenue

P.O. Box 30

Manama

Kingdom of Bahrain

Telephone: +(973) 17-533533

Fax: +(973) 17-534069

Website: [www.sheraton.com/bahrain](http://www.sheraton.com/bahrain)E-mail: [sheraton@batelco.com.bh](mailto:sheraton@batelco.com.bh)

Business Services: Executive floor, fully equipped business center with phone, fax, computers and conference facilities.

<b>Sheraton Bahrain Hotel – Summary of Facilities and Capacities</b>						
Function Rooms	Theatre	Classroom	Conference	Buffet	Banquet	Reception
Al Jasra Ballroom	800	400	100	500	600	800
Al Taj Room A	278	148	48	156	180	278
Al Taj Room B	442	224	60	250	300	350
Al Taj Room A and B	705	376	90	376	470	705
Budaiya Room	40	24	12	20	25	35
Zallaq Room	74	50	24	50	60	75
Sakhir Room	40	24	12	20	25	35
Iwan Lounge	150	100	45			200

**The Gulf Hotel Bahrain****The Gulf International Convention & Exhibition Centre**

P.O. Box 580

Manama

Kingdom of Bahrain

Phone: +(973) 17-713000

Fax: +(973) 17-712088

Website: <http://www.gulfhotehbahrain.com/>E-mail: [ghres@batelco.com.bh](mailto:ghres@batelco.com.bh)

Location: 20 minutes from the airport, 10 minutes from Bab Al Bahrain (downtown).

Business Services: Two executive floors, 21 meeting rooms, business center with phone, fax and computers and a conference center known as the Gulf International Conference Center.

<b>GULF INTERNATIONAL CONVENTION &amp; EXHIBITION CENTRE - Summary of Facilities and Capacities</b>							
<b>Function Rooms</b>	<b>Exhibitions 4 m2 stand</b>	<b>Meetings</b>					
		<b>Theatre</b>	<b>Classroom</b>	<b>Conference</b>	<b>Buffet</b>	<b>Banquet</b>	<b>Reception</b>
Al Dana Hall 1	20	500	300	80	360	400	660
Al Dana Hall 2	20	500	300	80	360	400	660
Al Dana Hall 1 and 2	45	1000	600	120	700	810	1500
Al Dana Hall 3	10	200	120	48	160	200	300
Al Dana Hall 4	10	200	120	48	160	200	300
Al Dana Hall 3 and 4	20	500	300	80	360	400	600
Al Dana Hall 5		120	80		60	80	200
Al Dana Hall Combined	75	2200	1200	150	1130	1260	2500
Al Dana Hall Combined+	90	2400	1300	150	1350	1500	3000
Al Amwaj				14			
Al Murjan 1		60	36	20			75
Al Murjan 2		60	36	20			75
Al Murjan 1 and 2		120	80	40			150
Al Mahara				14			
Lulu Suite		20	18	10			25

**Crowne Plaza Bahrain  
Bahrain Conference Centre**

P.O. Box 5831

Manama

Kingdom of Bahrain

Telephone: +(973) 17-531122

Fax: +(973) 17-530154

Website: <http://www.crowneplaza-bahrain.com/>

E-mail: [crowneplaza@batelco.com.bh](mailto:crowneplaza@batelco.com.bh)

Location: 10 minutes drive from the airport and three minutes from the Museum. Situated in the heart and in the business district located in Manama, most of the time it's referred as the Diplomatic

Area.

Business Services: Executive floor, business center known as the Bahrain Conference Center.

<b>Crowne Plaza, Bahrain- Summary of Facilities and Capacities</b>					
<b>Function Rooms</b>	<b>Theatre</b>	<b>Classroom</b>	<b>Boardroom</b>	<b>Banquet</b>	<b>Reception</b>
Banquet Hall A	170	90	40	100	200
Banquet Hall B	170	90	40	100	200
Banquet Hall C	500	250	90	300	500
Banquet Hall D	600	300	100	500	700
Banquet Hall A, B, C and D	1700	900	170	1200	2000
Board Room 1			20	20	
Board Room 2	60		40	30	100
Board Room 3	50		30	20	75
Meeting Room 4	20	12	10		
Meeting Room 5	20	12	10		
Meeting Room 6	50	30	24		
Meeting Room 7	50	30	24		

### **The Ritz-Carlton, Bahrain Hotel & Spa**

P.O. Box 55577

Manama

Kingdom of Bahrain

Telephone: +(973) 17-580000

Fax: +(973) 17-580333

Website: <http://www.ritzcarlton.com/>

E-mail: info@ritzcarlton.com.bh

Location: 20 minutes from the airport, five minutes from Bab Al Bahrain.

Business Services: Executive Floor, business center with phone, fax and computers, conference facilities.

<b>The Ritz-Carlton, Bahrain Hotel &amp; Spa - Summary of Facilities and Capacities</b>						
<b>Function Rooms</b>	<b>Theatre</b>	<b>Classroom</b>	<b>Conference</b>	<b>Buffet</b>	<b>Banquet</b>	<b>Reception</b>
Al Ghazal I	250	140	45	130	150	340
Al Ghazal II	210	120	42	90	110	220
Al Ghazal III	260	120	42	110	130	270
Al Ghazal C	220	100	36	100	130	250
Al Ghazal Combined				700	500	1200

Al Noor	750	600				750
Board Room I	40	24	18		24	50
Board Room II	25	12	15		16	25

### **Movenpick Hotel**

P.O. Box 24009

Manama

Bahrain

Phone: +(973) 17-460000

Fax: +(973) 17-460001

Website: <http://www.moevenpick-group.com/>

Location: As the only hotel on the island of Muharraq, is 10 minutes from the city centre of the capital Manama.

Business Services: high-speed Wireless LAN, for fast cable-free Internet access in all public areas and rooms.

<b>Movenpick Hotel, Bahrain - Summary of Facilities and Capacities</b>					
<b>Function Rooms</b>	<b>Number</b>	<b>Largest Seating Capacity</b>	<b>Total Space</b>	<b>Boardroom Capacity</b>	<b>Video Conference Availability (Yes/No)</b>
Meeting Rooms	6	520	20 m2	8 person(s)	Yes
Gawwas Boardroom	1	14 person(s)	32 m2	14 person(s)	Yes
Hairat	1	20 person(s)	41 m2	N/A	Yes
Main prefunction area	1	250 person(s)	147 m2	N/A	Yes
Moevenpick Ballroom	1	520 person(s)	462 m2	100 person(s)	Yes
Pearl Boardroom	1	16 person(s)	51 m2	16 person(s)	Yes
Side pre-function area	1	100 person(s)	137 m2	N/A	Yes
Tawash	1	20 person(s)	41 m2	N/A	Yes

### **Novotel**

P.O. Box 11073

Manama, Bahrain

Tel: +(973) 17-298008

Fax: +(973) 17-298338

Website: <http://www.novotel.com/>

E-mail: [aldana@novotel-bahrain.com](mailto:aldana@novotel-bahrain.com)

Location: Located in the heart of Manama, close to the diplomatic area and business centre. 5km away from the international airport.

Business Services: 4 meeting rooms.

**Organizers of International Trade Exhibitions:**

Most international trade exhibitions in Bahrain are organized by Arabian Exhibition Management (AEM), Bahrain Convention and Exhibition Bureau, and Reflections for Events and Exhibitions.

Other trade exhibition companies also operate in Bahrain.

Arabian Exhibition Management WLL (AEM)

P.O. Box 20200

Manama, Bahrain

Tel: +(973) 17-550033

Fax: +(973) 17-553288

Website: <http://www.aeminfo.com.bh/>

E-mail: [aeminfo@batelco.com.bh](mailto:aeminfo@batelco.com.bh)

Bahrain Convention & Exhibition Bureau (BCEB)

P.O. Box 11644

Manama

Kingdom of Bahrain

Phone: +(973) 17-558800

Fax: +(973) 17-555513

Webpage: <http://www.bahrainexhibitions.com>

E-mail: [info@bahrainexhibitions.com](mailto:info@bahrainexhibitions.com)

Reflections for Events & Exhibitions

P.O. Box 20377

Manama

Kingdom of Bahrain

Tel.: +(973) 17-541141

Fax: +(973) 17-541181

Website: <http://www.reflectionsbh.com>

E-mail: [info@reflectionsbh.com](mailto:info@reflectionsbh.com)

AIFG/International Fairs Group

P.O. Box 5098

Manama, Kingdom of Bahrain

Tel: +(973) 17-244418

Fax: +(973) 17-231600

Website: <http://www.amadeusifg.com>

Email: [info@amadeusifg.com](mailto:info@amadeusifg.com)

Mice Management W.L.L.

P.O. Box 20196



Manama, Bahrain  
Tel: +(973) 17-534001  
Fax: +(973) 17-534002  
Website: <http://www.mice-management.com/>  
Email: [events@mice-management.com](mailto:events@mice-management.com)

### **Commercial Section, Bahrain's commercial services**

#### **BuyUSA Featured U.S. Exporters (FUSE)**

**Cost:** \$50

**Delivery:** 1 workweek from receipt of payment and completed registration form

**CS Contact:** Nouf Jamsheer

A listing on <http://www.buyusa.gov/bahrain> gives U.S. exporters targeted exposure to help find business partners in the Bahraini market. The listing is in English and helps local importers source U.S. export-ready companies. Participation cost is in multiples of \$50 with a charge of \$200 for up to six product lines for a simultaneous 12-month period. Exposure on the Bahraini web site may also be offered in conjunction with a trade promotion program for a limited period. Cost for this exposure will be determined. Companies utilizing this service will be listed under one of the standard categories in the Featured U.S. Exporters directory. Each listing will contain the name of the company, a description of the product, product line, or service on offer by the U.S. exporter, and its objective in the Bahraini market, as well as an image to accompany the listing, if appropriate, and a link to the exporting company's website. Text to be provided by the client is limited to a maximum of 150 words. The image must be in JPEG or GIF format (maximum 200x200 pixels). The listings will encourage interested local importers to contact the Commercial Section in Bahraini, who will then forward the trade leads to the U.S. exporter.

Contact Person: Ms. Nouf Jamsheer, Commercial Specialist, Telephone: +(973) 17-242700, Fax: +(973) 17-256717, E-mail: [JamsheerN@state.gov](mailto:JamsheerN@state.gov) and [Nouf.Jamsheer@mail.doc.gov](mailto:Nouf.Jamsheer@mail.doc.gov), Web site: <http://www.buyusa.gov/bahrain>.

#### **BuyUSA.gov Business Service Provider**

**Business Service Provider (BSP)**

**Cost:** \$250

**Delivery:** Within one business week from receipt of payment.

**CS Contact:** Nouf Jamsheer

Opportunity for U.S. companies providing services and sometimes products, to gain exposure through an official U.S. Department of Commerce focusing mainly on the Bahraini market and surrounding countries. Average time for a "single company promotion" on the site is 12 months. Exposure on the Bahraini web-site may also be offered in conjunction with a trade promotion program for a limited period. Cost for this exposure will be determined. Payment received in local currency (Bahraini Dinars) for a 12 month period will be B.D. 100. A copy of the application form is available on our office web-site ([www.buyusa.gov/bahrain](http://www.buyusa.gov/bahrain)) for those individuals/organizations who are interested in being considered for this service.

Contact Person: Ms. Nouf Jamsheer, Commercial Specialist, Telephone: +(973) 17-242700, Fax: +(973) 17-256717, E-mail: [JamsheerN@state.gov](mailto:JamsheerN@state.gov) and [Nouf.Jamsheer@mail.doc.gov](mailto:Nouf.Jamsheer@mail.doc.gov), Web site: <http://www.buyusa.gov/bahrain>.

### **Single Company Promotion**

**Cost:** Cost varies depending on the services required generally \$1000-\$1500 (plus extra expenses incurred)

**Delivery:** Six week after receipt of payment

**CS Contact:** [Nouf Jamsheer](#)

Assisting a US company organize and host a seminar/presentation to launch/promote its products/services. Service would include organizing logistics including helping client obtain preferential rates at local venues, identifying prospective clients and sending invitations. Service is tailored to the specific needs of the US Company.

Contact Person: Ms. Nouf Jamsheer, Commercial Specialist, Telephone: +(973) 17-242700, Fax: +(973) 17-256717, E-mail: [JamsheerN@state.gov](mailto:JamsheerN@state.gov) and [Nouf.Jamsheer@mail.doc.gov](mailto:Nouf.Jamsheer@mail.doc.gov), Web site: <http://www.buyusa.gov/bahrain>.

### **Pricing**

[Return to top](#)

Shipping generally adds considerably to the cost of items manufactured in the U.S., which already face stiff competition from European and Asian suppliers. This disadvantage is periodically counterbalanced by exchange rate shifts between the dollar and European and Asian currencies. The average importer markup on food products is 10-15 percent. Retail food prices are generally 25-30 percent above import prices.

Hard bargaining is common in the local souks of Manama and Muharraq, where buyers usually want a discount and vendors inflate their initial offers accordingly.

### **Sales Service/Customer Support**

[Return to top](#)

After-sales service directly affects product reputation. A good agent/distributor relationship to facilitate quality service is crucial to success in this market. Opening warehouses and after-sales offices in the Gulf to dispatch goods efficiently can help enlarge the client base. Agents who offer superior after-sales service have a competitive advantage over the medium and long term.

### **Protecting Your Intellectual Property**

[Return to top](#)

The U.S.-Bahrain FTA commits Bahrain to enforce world-class IPR protection. Revised legislation to implement Bahrain's obligations under the TRIPS Agreement is currently under review. Bahrain is also in the process of joining the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty. The government has made dramatic progress in reducing copyright piracy, and there are no reports of significant violations of U.S. patents and trademarks in Bahrain. The government's copyright enforcement campaign began late 1997 and was based on inspections, closures, and improved public awareness. The campaign targeted the video, audio and software

businesses with impressive results. The commercially pirated video and audio markets have been virtually eliminated. However, software piracy, which has shifted from retail to end-user violations, remains problematic.

Bahrain's current legal system adequately protects and facilitates acquisition and disposition of intellectual property rights (IPR). The concept of a mortgage exists, and there is a recognized and reliable system of recording such security interests. However, there is currently no mortgage law that guarantees lenders the right to repossess property in the case of mortgage non-repayment.

There are no technology transfer requirements that force firms to share or divulge technology to a domestic partner through compulsory licensing, nor are firms forced to commit to research and development activities in Bahrain.

In recognition of improved IPR protection, Bahrain was removed from the U.S. Special 301 Watch List in 1999, and has remained off the list since. The government has made progress in reducing copyright piracy. Patent and trademark protection has always been strong, and there have been no recent reports of significant violations of U.S. patents and trademarks in Bahrain. Software piracy has been much more difficult to eradicate. Bahrain signed the Berne Convention for the Protection of Literary and Artistic Works and the Paris Convention for the Protection of Industrial Property in 1996. Although Bahrain argued that it was TRIPS-compliant based on a constitutional clause giving international agreements precedence over local law, the WTO continues to seek legal revisions. Bahrain has drafted, and in the process of passing through the National Assembly (both upper and lower houses), new laws related to intellectual property to bring Bahrain's local laws into compliance with its current TRIPS, WIPO, Berne, and Paris Convention commitments, and to position Bahrain to join the Nice Agreement, Vienna Agreement, Patent Cooperation Treaty, Trademark Law Treaty, Madrid Agreement, Budapest Treaty, WIPO Copyright Treaty, WIPO Performances and Phonograms Treaty, and the Rome Convention.

The eight new IPR laws that have been drafted to bring Bahrain's local laws into compliance with its international obligations through WIPO and are awaiting legislative approval pertain to:

- trade secrets;
- copyright and related rights;
- designs of integrated circuits;
- geographic indicators;
- individual drawings and designs;
- patents and utility models;
- plant varieties;
- trademarks.

The Trade Secrets law was passed by the legislative branch and signed into effect by the King in July 2003.

There are no technology transfer requirements that force firms to share or divulge technology to a domestic partner through compulsory licensing, nor are firms forced to commit to research and development activities in Bahrain.

## **Filing Trademarks, Patents & Design through the Ministry of Industry and Commerce**

The Ministry of Industry and Commerce recently developed an online patent, trademark, and design registration service. Please refer to the information on registering patents, trademarks, and designs in Bahrain on the [Ministry of Industry and Commerce's website](#).

### **Due Diligence**

[Return to top](#)

Establishing a business in Bahrain, whether in the services, sales, or manufacturing sector, is best accomplished after the following:

- Carefully researching Bahrain's market, economic, and social systems;
- Carefully choosing a Bahraini partner/advisor/consultant with strong affiliations in the local economy, as well as knowledge of and access to the country's commercial bureaucracy and legal system;
- Conducting due diligence in establishing a business relationship;
- Requiring confirmed Letters of Credit for purchases, especially in the initial stages of a business relationship.

Bahrain is very small by size and the business community is highly interconnected. Establishing and developing contacts is key in Bahraini society and economy.

### **Commercial Section, Bahrain's commercial services:**

#### **International Company Profile (ICP)**

**Cost:** \$550

**Delivery:** 20 business days from receipt of payment

**CS Contact:** [Nouf Jamsheer](#)

**Time:** 20 business days from receipt of payment.

**Description:** The local representative for Dun & Bradstreet will prepare a Business Information Report, which will include full details on what the local company does, where it is located, who it is owned and run by, how it is paying its bills, and assesses the level of risk you take in doing business with them. In conjunction with this report, the post interviews the local company and creates a report, which includes all of the above plus any additional information, which is known about the local company and/or its principals.

**Contact Person:** Ms. Nouf Jamsheer, Commercial Specialist, Telephone: (973) 17-242700, Fax: (973) 17-256717, E-mail: [JamsheerN@state.gov](mailto:JamsheerN@state.gov) and [Nouf.Jamsheer@mail.doc.gov](mailto:Nouf.Jamsheer@mail.doc.gov), Web site: <http://www.buyusa.gov/bahrain>.

### **Local Professional Services**

[Return to top](#)

For a complete list of service providers, please contact the [U.S. Embassy's Commercial Section, Bahrain](#).

### **Commercial Section, Bahrain's commercial services:**

**Screened/Unscreened Contact Lists**

**Cost:** \$300.00

**Delivery:** 15 working days from receipt of payment

**CS Contact:** Nouf Jamsheer

Screened Contact Lists: Industry Specific Screened Contact List of companies in Bahrain. Includes basic contact information, company names, addresses, telephone, fax numbers, e-mail, related industries, business type (legal type), Commercial Registration Number (CR) if available, business size, business affiliates (represented foreign firms and/or agents/distributors) number of employees, revenue (if available) and year of establishment. Mailing charges via ordinary or courier mail will be additional. If total work days required exceeds fifteen, estimated delivery will be provided before acceptance of the job is undertaken. If more than one sector is requested, costs as follows: two sectors \$400, three sectors \$400 etc.

Contact Person: Ms. Nouf Jamsheer, Commercial Specialist, Telephone: +(973) 17-242700, Fax: (973) 17-256717, E-mail: [JamsheerN@state.gov](mailto:JamsheerN@state.gov) and [Nouf.Jamsheer@mail.doc.gov](mailto:Nouf.Jamsheer@mail.doc.gov), Web site: <http://www.buyusa.gov/bahrain>.

**Contact Lists**

**Cost:** \$150.00

**Delivery:** 7 work days from receipt of payment

**CS Contact:** Nouf Jamsheer

Unscreened Contact Lists: General Industry Specific Contact List of companies in Bahrain. Includes basic contact information, company names, addresses, telephone, fax numbers, and e-mail. Mailing charges via ordinary or courier mail will be additional. If total work days required exceeds seven, estimated delivery will be provided before acceptance of the job is undertaken. If more than one sector is requested, the costs are as follows: cost for two is \$200, three \$250, four \$300 etc.

Contact Person: Ms. Nouf Jamsheer, Commercial Specialist, Telephone: (973) 17-242700, Fax: (973) 17-256717, E-mail: [JamsheerN@state.gov](mailto:JamsheerN@state.gov) and [Nouf.Jamsheer@mail.doc.gov](mailto:Nouf.Jamsheer@mail.doc.gov), Web site: <http://www.buyusa.gov/bahrain>.

**Web Resources**

[Return to top](#)

Ministry of Commerce (MOH)

<http://www.commerce.gov.bh/>

Bahrain Investors Center (BIC)

<http://www.bi.bh>

Ministry of Industry (MOI)

<http://www.industry.gov.bh/>

Bahrain Tenders Board

<http://www.bahraintenders.gov.bh/>

Bahrain Television (BTV)  
<http://www.bahraintv.com/>

Akhbar Al Khaleej Newspaper  
<http://www.akhbar-alkhaleej.com/>

Al Ayam Newspaper  
<http://www.alayam.com/>

Al Wasat Newspaper  
<http://www.alwasatnews.com/>

Al Meethaq Newspaper  
[www.almeethaq.net](http://www.almeethaq.net)

Gulf Daily News (GDN)  
<http://www.gulf-daily-news.com/>

Bahrain Tribune (BT)  
<http://www.bahraintribune.com/>

Bahrain Convention and Exhibition Center (BCEB)  
<http://www.bahrainexhibitions.com/>

Arabian Exhibition Management  
<http://www.aeminfo.com.bh/>

Reflections  
<http://www.reflectionsbh.com>

AIFG/International Fairs Group  
<http://www.amadeusifg.com>

Mice Management W.L.L.  
<http://www.mice-management.com/>

Hilton Hotel  
<http://www.hilton.com/>

Diplomat Radisson SAS Hotel  
<http://www.diplomatrdsas.com.bh/>

Regency Intercontinental Hotel  
[www.intercontinental.com/manama](http://www.intercontinental.com/manama)

Sheraton Hotel  
<http://www.sheraton.com/bahrain>

Gulf Hotel  
<http://www.gulfhotehbahrain.com/>

Crowne Plaza Hotel  
<http://www.crowneplaza-bahrain.com/>

Ritz Carlton Hotel  
<http://www.ritzcarlton.com/>

Movenpick Hotel  
<http://www.moevenpick-group.com/>

Novotel Hotel  
<http://www.novotel.com/>

Commercial Section, U.S. Embassy Bahrain  
<http://www.buyusa.gov/bahrain>

[Return to table of contents](#)

[Return to table of contents](#)

## **Chapter 4: Leading Sectors for U.S. Export and Investment**

### **Commercial Sectors**

- [Motor Vehicles and Vehicle Parts](#)
- [Medical Equipment/Healthcare](#)
- [Air Conditioning and Refrigeration Equipment](#)
- [Computers and Peripherals](#)
- [Telecommunications](#)
- [Financial Services](#)
- [Education and Training](#)
- [Electrical Power](#)
- [Water Desalination](#)
- [Construction](#)

### **Agriculture Sectors**

- [Frozen/Chilled Beef](#)
- [Meat Poultry](#)

#### **Note:**

\*All statistics provided are unofficial estimates based on input from Bahrain Central Statistics Organization, U.S. International Trade Commission, and industry sources.

\*\*All calculations were made using the (fixed) exchange rate of \$1 = BD .377 or BD 1 = \$2.65.

\*\*\*All market values are listed in \$ millions.



## Motor Vehicles and Vehicle Parts

### Overview

[Return to top](#)

<b>Motor Vehicles and Vehicle Parts</b>	<b>2001 (Actual)</b>	<b>2002 (Actual)</b>	<b>2003 (Estimate)</b>
Total Market Size	287	434	469
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	287	434	469
Imports From U.S.	23.2	34.2	44.4

\*Numbers represent \$ millions  
Organization

Source: Bahrain Central Informatics

The market for American passenger cars, especially for larger model vehicles like mini-vans and SUVs, continues to grow. Compact and economy models are also popular.

### Best Products/Services

[Return to top](#)

It is expected that U.S. automobile exports to Bahrain will increase in 2004. U.S. car dealerships in Bahrain attribute increased sales to the weakened value of the dollar.

The U.S. dollar value has reduced the cost of U.S. manufactured vehicles in relation to European models. The overall market for U.S.-made auto parts is declining due to Asian and Saudi competition. However, there are opportunities in niche markets (brake pads, oil filters) and auto accessories (wax, lubricants) where American products are preferred for their high quality.

### Opportunities

[Return to top](#)

Bahrainis value U.S. cars for their safety, comfort, interior design, and capacity to accommodate large families. U.S. car sales also benefit from an overall expanding market. According to the Bahrain General Directorate of Traffic, 251,000 vehicles were registered in Bahrain in 2002, and registration is increasing 5.3 percent per year on average, suggesting an estimated 264,000 vehicle registrations in 2003.

### Resources

[Return to top](#)

Commercial Section, U.S. Embassy Bahrain Contact

(Ms.) Nouf Jamsheer, Commercial Specialist

Email: [JamsheerN@state.gov](mailto:JamsheerN@state.gov) and [Nouf.Jamsheer@mail.doc.gov](mailto:Nouf.Jamsheer@mail.doc.gov)

## Medical Equipment/Healthcare

### Overview

[Return to top](#)

Medical Equipment	2001 (Actual) *	2002 (Actual) *	2003 (Estimate) *
Total Market Size	38	47	57
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	38	47	57
Imports from U.S.	7.8	8.6	9.4

\*In \$ millions

Source: Bahrain Central Informatics Organization

Bahrain has a modern health system. All Bahrainis receive free state health care. Most companies offer their expatriate workers some sort of health coverage, either through insurance companies, in which case rates are negotiable, or through arrangements with one or more of the local private hospitals. There is a \$8 fee for expatriates attending an emergency clinic in a government hospital. In 2003, Bahrain's health services sector showed significant growth, which is likely to continue. Work begun on the construction of the \$80 million King Hamad Hospital in Muharraq, the expansion of the Joslin Diabetes Center, and the establishment of other clinics in late 2004. The Government of Bahrain encourages the private sector to enter the health care market and thus share the cost of services. It is also drawing up plans to attract international hospitals in order to promote health tourism.

### Best Prospects/Services

[Return to top](#)

Current plans for the health services sector include the construction of a third large public hospital, the King Hamad Hospital in Muharraq, where construction on the project has already started. The Royal College of Surgeons will use the medical facilities as a learning hospital. In the private sector, the Boston-based Joslin Diabetes Center (JDC) constructed its first facility outside the U.S. in Bahrain in 2003. Due to increased demand for diabetes treatment in Bahrain and the Gulf, in 2004, JDC announced plans to expand the existing facility with an additional building. In 2002, a \$45 million private hospital, the Bahrain Specialist Hospital (BSH), contributed to the growth in the country's private medical services with the establishment of the Ibn Al Nafees Hospital.

### Opportunities

[Return to top](#)

In 2002, the largest hospital in Bahrain – the state-run Sulmaniya Medical Complex – spent \$3.5 million to replace its medical equipment. It is looking to replace patient vital-sign monitors, infant incubators, ventilators, infusion pumps, and also to acquire a deep X-ray therapy machine.

In a step towards reducing the load on government health services, the Ministry of Health (MOH) has also announced that the upper house (the Shura Council) of the legislative branch, or National Assembly, has proposed a draft legislation that introduces compulsory health insurance for non-Bahrainis. The current statistical MOH figures indicate that only 10 percent of Bahrain's patients

receive private treatment. The MOH has recognized the urgency of investments in the health sector is planning to establish a liaison office, dedicated to attract investment in the health sector.

MOH officials recently announced that the government might start outsourcing certain jobs, including the management of both medical and non-medical services in the \$80 million King Hamad Hospital, expected to complete in 2007. The MOH has also identified areas for investment, which include: the pharmaceutical industry, drug packaging and distribution, health complementary services (ex. producing of syringes), health support services, health resorts, health education and training, medical research centers, information technology (which includes the MOH's E-health), and biotechnology.

## **Resources**

[Return to top](#)

Ministry of Health (MOH)  
[www.moh.gov.bh](http://www.moh.gov.bh)

Bahrain's Economic Development Board (EDB)  
[www.bahrainedb.com](http://www.bahrainedb.com)

[Commercial Section, U.S. Embassy Bahrain](#) Contact  
(Ms.) Nouf Jamsheer, Commercial Specialist  
Email: [JamsheerN@state.gov](mailto:JamsheerN@state.gov) and [Nouf.Jamsheer@mail.doc.gov](mailto:Nouf.Jamsheer@mail.doc.gov)

## Air Conditioning and Refrigeration Equipment

### Overview

[Return to top](#)

AC/Refrigeration Equipment	2001 (Actual)*	2002 (Actual)*	2003 (Estimate)*
Total Market Size	37	41	48
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	37	41	48
Imports from U.S.	4.7	6.1	7.7

\*In USD millions

Source: Bahrain Central Informatics Organization

Bahrain's climate requires air conditioning most of the year due to high temperatures and high humidity. Air conditioning equipment breaks down frequently as a result of constant use and lack of maintenance.

### Best Prospects/Services

[Return to top](#)

The market for air conditioning and refrigeration equipment is strong, rising from \$ 37 million in 2001 to \$41 million in 2002. Sales for units are also up. Leading American brands, highly regarded for their reliability, have traditionally done well in Bahrain.

### Opportunities

[Return to top](#)

A construction boom is currently underway in residential housing and commercial real estate, including several major hotel/resort projects. It is estimated that U.S. sales in this sector will increase by as much as 30 to 35 percent.

### Resources

[Return to top](#)

Commercial Section, U.S. Embassy Bahrain Contact  
(Ms.) Nouf Jamsheer, Commercial Specialist  
Email: [JamsheerN@state.gov](mailto:JamsheerN@state.gov) and [Nouf.Jamsheer@mail.doc.gov](mailto:Nouf.Jamsheer@mail.doc.gov)

## Computers and Peripherals

### Overview

[Return to top](#)

Bahrain has focused its efforts on the entry of new private firms in specific prospective growth sectors, which includes the information and communications technology service sector. Bahrain has been actively attracting international companies in the information technology sector to invest in Bahrain, with a long-term vision of the formation of an information technology hub.

### Best Prospects/Services

[Return to top](#)

Internet use is expanding in Bahrain. The Government launched an E-Government initiative, and the electronic-based technology has overwhelmingly been accepted as an important tool of effective business strategy and good governance.

### Opportunities

[Return to top](#)

The GOB is revamping the Kingdom's information technology infrastructure. Almost all Ministries have upgraded, or are upgrading their e-services. Microsoft and BDO Jawad Habib, a Bahrain-based consultancy firms, have won the contract to install and run Bahrain's E-Investor Project. A \$6.89 million contract was also signed to take Bahrain's government schools into cyber space, part of the King's Future Schools' project. Government schools throughout Bahrain will be using Macs to help children keep up with the electronic age. The contract for the deal was signed between the Ministry of

Education (MOE), Apple Center and the Integrated Technology Group (ITG). Apple Center will be responsible for providing, installing and operating the electronic system at all government schools of all education stages, in addition to training teachers on its uses. The five-year agreement, which ends in July 2009, aims at expanding the information technology system at all stages of government education. The Ministry of Education is considering implementing an extension of the project that will cover the Kingdom's only public and medical universities.

King Hamad Future Schools' project is a joint program between the Ministry of Education and UNESCO aimed to develop the Ministry of Education's current knowledge-based curriculum to a knowledge-based economy or K-economy curriculum.

### Resources

[Return to top](#)

Government of Bahrain (GOB)  
[www.bahrain.gov.bh](http://www.bahrain.gov.bh)

Ministry of Commerce (MOC)  
[www.commerce.gov.bh](http://www.commerce.gov.bh)

Ministry of Education (MOE)

[www.education.gov.bh](http://www.education.gov.bh)

Ministry of Health (MOH)

<http://www.moh.gov.bh/>

Bahrain's Economic Development Board (EDB)

<http://www.bahrainedb.com/>

Commercial Section, U.S. Embassy Bahrain Contact

(Ms.) Nouf Jamsheer, Commercial Specialist

Email: [JamsheerN@state.gov](mailto:JamsheerN@state.gov) and [Nouf.Jamsheer@mail.doc.gov](mailto:Nouf.Jamsheer@mail.doc.gov)

## **Telecommunications**

### **Overview**

[Return to top](#)

The telecommunications sector was the first key sector to be liberalized in Bahrain following the government's announced interest in opening traditionally government-controlled industries. The Telecommunications Regulatory Authority (TRA), established in late 2002, awarded a mobile telecommunications services license to MTC-Vodafone, thus ending the monopoly of Bahrain's telecom services provider, Batelco. The license was awarded under the Telecommunications Law, which took effect January 2003.

### **Best Prospects/Services**

[Return to top](#)

Telecommunications liberalization also extended to paging services, very small aperture terminal (VSAT), public access mobile radio services, international telecommunications facilities, international telecommunications services, national fixed services, internet service provider (ISP) and value-added services license following the full liberalization of the sector on July 1, 2004.

### **Opportunities**

[Return to top](#)

The TRA most recently announced the provision of three International Telecommunications Facility licenses (IFLs), five International Telecommunications Services Licenses (ISLs), five VSAT licenses, fifteen value-added Services (VAS) "Class" licenses and eight Internet Service Provider (ISP) licenses.

According to the Bahrain Monetary Agency (BMA), in 2003 the number of mobile phone users reached 412,000 up from 390,000 the previous year, and representing a growth of 5.6 percent.

Over 78 percent of Bahrain's 689,418 residents are mobile phone users, suggesting one of the highest penetration rates in the Middle East. In 2003, Batelco had 151,000 registered Internet subscribers; personal users accounted for 70 percent and business users 30 percent of the total Internet market.

### **Resources**

[Return to top](#)

Telecommunication Regulatory Authority (TRA)  
<http://www.tra.org.bh/>

Ministry of Transportation (MOT)  
(covers public transportation, telecommunications, postal services, and civil aviation )  
[www.transportation.gov.bh](http://www.transportation.gov.bh)

Bahrain Internet Exchange (BIX)  
[www.bix.bh](http://www.bix.bh)

Bahrain Monetary Agency (BMA)  
[www.bma.gov.bh](http://www.bma.gov.bh)

Bahrain Economic Development Board (EDB)  
<http://www.bahrainedb.com/>

Bahrain Telecommunications (Batelco)  
[www.batelco.com](http://www.batelco.com)

MTC-Vodafone Bahrain  
<http://www.mtc-vodafone.com.bh/>

Commercial Section, U.S. Embassy Bahrain Contact  
(Ms.) Nouf Jamsheer, Commercial Specialist  
Email: [JamsheerN@state.gov](mailto:JamsheerN@state.gov) and [Nouf.Jamsheer@mail.doc.gov](mailto:Nouf.Jamsheer@mail.doc.gov)



## **Financial Services**

### **Overview**

[Return to top](#)

Bahrain is a principal financial services hub in the Middle East (including Islamic Banking). Legal, regulatory, and accounting systems in the financial sector (onshore and offshore) are transparent and consistent with international norms. International financial institutions operate in Bahrain, both internationally and domestically, without impediments.

The Bahrain Monetary Agency (BMA), Bahrain's central bank, regulates the banking sector under the provisions of the BMA law (Decree Law No. 23 of 1973). In May 2002, the Government of Bahrain announced that regulatory responsibility for the insurance sector and stock exchange would move to the BMA. This move was completed in late 2002.

### **Best Products/Services**

[Return to top](#)

Bahrain's attraction as a financial center is based on its established offshore facilities, free foreign exchange movement, tax-free status, stable Bahraini Dinar-USD foreign exchange rate, established insurance sector, modern telecommunications systems, and prime geographical location among the GCC countries. The financial sector has established itself as a key employment generator for the local population.

In March 2004, in an effort to stimulate the insurance industry and reinforce Bahrain's position as a major insurance center in the Middle East, the BMA lifted the requirement that foreign insurance brokers and loss adjusters must have a local partner in order to operate. These firms, which were previously required to have at least 51 percent Bahraini-ownership, are now permitted to operate with 100 percent foreign-ownership. The BMA is holding consultations on further reform in areas such as captive insurance, solvency, business conduct, risk management and financial crime, enforcement, BMA reporting and public disclosure, intermediaries, and Islamic insurance.

### **Opportunities**

[Return to top](#)

Bahrain has promoted itself as an international financial center in the Gulf region. It hosts 367 diverse financial institution, including 197 banks, of which 51 are offshore banking unites (OBUs); 37 investment banks; and 25 commercial banks, of which 17 are foreign owned. In addition, there are 29 representative offices of international banks, 21 moneychangers and money brokers, and several other investment institutions, including 84 insurance companies. In addition, Bahrain is also a leading Islamic finance center in the region. The sector has grown considerably since the licensing of the first Islamic bank in 1979. Bahrain has 28 Islamic banks and financial institutions.

Seventeen new licenses were issued in 2004: one investment bank, four offshore banking units, one full commercial bank, two investment advisory brokers, two financial services ancillary service providers, three representative offices, one money exchange unit and three Islamic banking and financial institutions.

Bahrain's underdeveloped insurance market possesses significant profit potential for investors. Total insurance premiums for companies operating in Bahrain increased 16.1 percent to \$209.5 million, up from \$180 million in 2002. As of year-end 2003, the industry included 162 companies, which, compared to 149 in 2002, represents a growth of 8.7 percent. 2004 data is yet to be released.

The Government of Bahrain (GOB) has identified Islamic banking as one of the main economic growth areas in the coming five years. Islamic banking principles are similar to those of conventional banking, with the exception that Islamic banks must conform to Sharia, or Islamic law. Islamic finance prohibits charging interest for the use of money, and disallows dealing in certain commodities. Islamic banking falls under four main categories:

- Murabiha: cost-plus financing – i.e., buying a product from a supplier and selling it to a customer for a profit;
- Musharraka: a profit sharing system that is similar to equity participation;
- Ijara: leasing;
- Istisna: the financing of construction or manufacturing.

Islamic banking attracts investors because of its profit potential, as well as its religious and ethical approach. While the sector is still small, it has registered strong continual growth despite regional uncertainties that hindered growth in conventional banking. The Crown Prince and other government officials have voiced Bahrain's commitment to developing the sector further.

## **Resources**

[Return to top](#)

Bahrain Monetary Agency (BMA)  
[www.bma.gov.bh](http://www.bma.gov.bh)

Ministry of Finance (MOF)  
[www.mofne.gov.bh](http://www.mofne.gov.bh)

Bahrain Economic Development Board (EDB)  
<http://www.bahrainedb.com/>

Bahrain Convention and Exhibition Bureau (BCEB)  
[www.bahrainexhibitions.com](http://www.bahrainexhibitions.com)

Commercial Section, U.S. Embassy Bahrain Contact  
(Ms.) Nouf Jamsheer, Commercial Specialist  
Email: [JamsheerN@state.gov](mailto:JamsheerN@state.gov) and [Nouf.Jamsheer@mail.doc.gov](mailto:Nouf.Jamsheer@mail.doc.gov)

For more information, please contact the Commercial Section, at the U.S. Embassy in Bahrain.

## **Education and Training**

### **Overview**

[Return to top](#)

Regionally, Bahrain has always been a pioneer in the field of education, dating back to 1919 when it was the first country in the Gulf to establish a system of formal education. In 2003, Bahrain had a 92.5 percent literacy rate among Bahraini males and an 83 percent literacy rate among females, yielding a national literacy rate of 87.7 percent, the highest in the region. The United Nations Development Program's (UNDP) Human Development Report for 2004 reported Bahrain as the most developed Arab state with a literacy rate of 88.5 percent in 2004, higher than the GCC literacy rate of 84.3 percent. The issue of education has been crucial for Bahrain since independence. State spending on education is \$686.3 million, representing 11 percent of the entire \$6.22 billion state budget for 2003-2004. Ministry of Education employees account for approximately 35 percent of all government employees.

Rising demand has led to deficiencies in the state school system. Most parents who can afford to do so send their children to private schools. A U.S. Department of Defense-affiliated school and a number of private schools offer education in English with an American-style curriculum.

Bahrain is home to two public universities and a number of private universities including the Royal College of Surgeons, New York Institute of Technology (NYIT), Open University, AMA International, and a number of educational institutions associated with the Bahrain Institute of Banking and Finance (BIBF) (see Chapter 6: U.S. Investments in Bahrain). Bahrain has a wide range of public and private training centers that concentrate on the technical, financial and tourism sectors.

### **Best Products/Services**

[Return to top](#)

Growth in the education sector is driven primarily by the establishment of new private universities, which the Government supports in order to promote private higher education in Bahrain.

The Crown Prince and BDF Commander-in-Chief launched a national reform initiative in 2004 that is aimed at creating a new economic, labor, education and training vision for the Kingdom. The Government of Bahrain is seeking to establish Bahrain as a regional center for human resource development. Bahrain has over 50 training institutes that offer training in a variety of areas such as hospitality, information technology, business studies, English language studies, and banking. Specialist-training institutions include the Gulf College of Hospitality and Tourism, the Bahrain International College of Health & Beauty, the Regional Institute of Advertising & Marketing, and the Bahrain Institute of Banking & Finance. Major training institutes include the Bahrain Institute for Banking and Finance (BIBF), Bahrain Training Institute (BTI), KPMG, and the British Council.

### **Opportunities**

[Return to top](#)

The Government of Bahrain (GOB) is taking the initiative to promote Bahrain as a regional education and training hub, since the educational and vocational training curricula have been recently criticized recently for not adequately preparing Bahrainis for the workforce. The government is making concerted efforts to turn this situation around. As a part of this initiative the Ministry of Labor (MOL) is actively encouraging international education and training organizations to set up bases in Bahrain. With a total investment of approximately \$50 million, four new private universities have opened since late 2002. Another new university for women is expected to open in late 2005. The high growth in private education can be attributed to several factors, including: an increased number of full-time working adults seeking part-time internationally accredited degrees, private businesses looking for specialized courses for their employees, and greater demand for private education from neighboring countries like Saudi Arabia. Terrorist incidents in Saudi Arabia during the first two quarters of 2004 have enhanced Bahrain's appeal as a safe, liberal location for expatriates. Enrollment of both female and male expatriate students from neighboring Saudi Arabia in Bahraini schools has increased.

## **Resources**

[Return to top](#)

Ministry of Education (MOE)

<http://www.education.gov.bh/>

Ministry of Labor (MOL)

<http://www.bah-molsa.com/>

Bahrain Center for Studies and Research (BCSR)

<http://www.bcsr.gov.bh/>

Bahrain Civil Service Bureau (CSB)

<http://www.csb.gov.bh/>

University of Bahrain (UoB)

<http://www.uob.bh/>

Arabian Gulf University (AGU)

<http://www.agu.edu.bh/>

Medical University of Bahrain (Royal College of Surgeons)

[http://www.rcsi.ie/Medical\\_University\\_of\\_Bahrain/](http://www.rcsi.ie/Medical_University_of_Bahrain/)

Bahrain Institute for Banking and Finance (BIBF)

<http://www.bibf.com/>

New York Institute of Technology (NYIT) Bahrain

<http://www.nyit.edu.bh/>

Bahrain Training Institute (BTI)  
<http://www.bti.com.bh/>

Commercial Section, U.S. Embassy Bahrain Contact  
(Ms.) Nouf Jamsheer, Commercial Specialist  
Email: [JamsheerN@state.gov](mailto:JamsheerN@state.gov) and [Nouf.Jamsheer@mail.doc.gov](mailto:Nouf.Jamsheer@mail.doc.gov)

For more information, please contact the Commercial Section, at the U.S. Embassy in Bahrain.

## Electrical Power

### Overview

[Return to top](#)

For the past several years, the government was forced to implement a program of organized, rolling brown-outs during the peak summer months due to a lack of capacity. A one-day countrywide power failure occurred in summer of 2004 due to mismanagement of power flow near the Alba aluminum manufacturing plant. A Canadian firm was awarded the contract to investigate the power failure. The study showed that both the Ministry of Electricity and Alba were both at fault for summer 2004's power-outage, while discrediting the Ministry's capability in crisis management circumstances.

In June 2003, Ministry of Finance and National Economy (MOFNE) awarded Ernest & Young a contract to study the privatization of the power and water sectors. The current installed government power generation capacity in Bahrain is 1,839 MW.

### Best Products/Services

[Return to top](#)

Alba provides another 275 MW on standby from its 1,505 MW power station. Demand during the peak summer months forces the government to draw on this regularly. Electricity consumption per capita in Bahrain is about 450 units a year. In 2002, domestic consumption accounted for 55 percent of demand, industries 18 percent, and commercial establishments 26 percent. Some industries use natural gas to produce their own power. Demand is growing by an average of 6.3 percent annually, and is projected to outstrip even the expanded capacity from power upgrades and the second phase expansion of Al Hidd power station. Already, plans have been announced for the third phase, in which the Government will invest more than \$400 million.

### Opportunities

[Return to top](#)

Six companies have been pre-qualified, in November 2004, for four new power substations, to meet the expected peak demand of 1,840 MW of electricity next summer. The four stations will be located in Manama Central Market, Hamad Town, Alba and Al Jasra. A contractor will be selected by the end of 2004. These four power stations will be built in addition to a new \$500 million private power station, which is also expected to begin its operation by 2006.

Also in November 2004, Bahrain's new and only private power plant, Al Ezzel Power Company, has completed a \$380 million limited-recourse financing for the construction of the first-ever private power plant in Bahrain. The \$500 million plant will produce more than 950MW of power per day by mid-2007. HSBC and Societe Generale led the loan, which also included ANZ, Bayerische Landesbank, Calyon, Gulf International Bank, ING, Mashreqbank, Mizuho, RBS and Standard Chartered.

Demand is growing by an average of 6.3 percent annually. The demand power creates offers ample opportunities in Bahrain's power sector.

Government of Bahrain (GOB)

<http://www.bahrain.gov.bh/>

Ministry of Finance (MOF)

<http://www.mofne.gov.bh/>

Aluminum Bahrain (Alba)

<http://www.albasmelter.com/>

Bahrain Convention and Exhibition Center (BCEB)

<http://www.bahrainexhibitions.com/>

Bahrain National Gas Company (Banagas)

<http://www.banagas.com/>

Bahrain's Economic Development Board (EDB)

<http://www.bahrainedb.com/>

Commercial Section, U.S. Embassy Bahrain Contact

(Ms.) Nouf Jamsheer, Commercial Specialist

Email: [JamsheerN@state.gov](mailto:JamsheerN@state.gov) and [Nouf.Jamsheer@mail.doc.gov](mailto:Nouf.Jamsheer@mail.doc.gov)

For more information, please contact the Commercial Section, at the U.S. Embassy in Bahrain.

## **Water Desalination**

### **Overview**

[Return to top](#)

Bahrain is a desert island on the Zone C aquifer stretching all the way to Riyadh. Many years of heavy demand in Saudi Arabia and Bahrain have significantly depleted the aquifer, threatening its long-term viability and allowing seawater to infiltrate. The "sweet water" for which Bahrain was long famous is now brackish and requires treatment before use as drinking water or as process water for industry.

Bahrain currently uses 100 million gallons of water per day, or 36.5 billion gallons per year. The local water supply comes mainly from non-renewable groundwater extraction. Supply barely exceeds demand; when routine maintenance work was performed in January 2004, there were rolling water shortages for several weeks. Two-thirds of Bahrain's water is supplied through desalinization, and the remaining third comes from the underground aquifer. Approximately 70 million gallons, desalinated and blended, are for drinking purposes. Industries, agriculture, and private gardens use the rest. Pilot projects are underway to use treated effluent for irrigation. The Government aims to have all agricultural water produced this way in the future.

In July 2004, the Ministry of Electricity and Water (MEW) announced that it expected water consumption in Bahrain to reach an estimated 128 million gallons per day by 2010. Current water project initiatives in the ministry budget involve the new Dour water production plant, a water pipeline from ALBA, and plant expansion for the Ras Abu Jarjur water desalinization facility. The Ras Abu Jarjur expansion is expected to yield an additional 16 million gallons of water per day, while the Dour plant is expected to provide an additional 8 million gallons per day in 2007. In July 2004, however, the MEW submitted a request to the Cabinet to approve a \$33 million budget to complete the Dour plant by next year. ALBA already supplies an estimated 3.5 million gallons per day to the national water network, and is expected to increase its supply to 7 million gallons by the end of next year.

### **Best Products/Services**

[Return to top](#)

The MEW program to upgrade Bahrain's desalination and effluent treatment infrastructure provides opportunities for U.S. companies. Increasingly, water and power production are being integrated through the construction of dual-use plants like those in Hidd and Manama. Water production through desalinization is an energy intensive procedure, making it ideal for integration with power generation facilities. The Government subsidizes 55-60 percent of the cost of water to consumers.

Bahrain aims to reduce the abstraction of its scarce ground water resources by building a new water plant in the Hidd area, which will have the capacity to produce 60 million gallons per day. The current production at Hidd is 30 million gallons per day. Sources at the Ministry of Electricity and Water say that a contractor would be appointed during the first quarter of 2005. The estimated two-year construction period is expected to begin in 2006.



## Opportunities

[Return to top](#)

The MEW program to upgrade Bahrain's desalination and effluent treatment infrastructure provides opportunities for U.S. companies. Increasingly, water and power production are being integrated through the construction of dual-use plants like those in Hidd and Manama. Water production through desalinization is an energy intensive procedure, making it ideal for integration with power generation facilities. The Government subsidizes 55-60 percent of the cost of water to consumers.

## Resources

[Return to top](#)

Government of Bahrain (GOB)

<http://www.bahrain.gov.bh/>

Bahrain Economic Development Board (EDB)

<http://www.bahrainedb.com/>

Bahrain Convention and Exhibition Center (BCEB)

[www.bahrainexhibitions.com](http://www.bahrainexhibitions.com)

Commercial Section, U.S. Embassy Bahrain Contact

(Ms.) Nouf Jamsheer, Commercial Specialist

Email: [JamsheerN@state.gov](mailto:JamsheerN@state.gov) and [Nouf.Jamsheer@mail.doc.gov](mailto:Nouf.Jamsheer@mail.doc.gov)

For more information, please contact the Commercial Section, at the U.S. Embassy in Bahrain.

## **Construction**

### **Overview**

[Return to top](#)

The construction sector has witnessed increasing activity and opportunity as the private and public sectors undertake development projects. This activity coincides with a boom in the country's real estate market. Large-scale government infrastructure projects to build roads, bridges, housing, airport expansions, and infrastructure to support the Grand Prix racing circuit have stimulated the sector throughout 2003 and into 2004. Furthermore, these development initiatives have had a spillover effect in supply industries.

In early 2002, the Government approved a strategic budget of \$1.17 billion for special infrastructure projects. This allocation, which is outside the general budget, is spread over a four-year period. The projects that come under this budget include: a new port and an industrial area in Hidd (\$464 million); a Hidd power and water station (\$283 million); housing (\$273 million); a new hospital in Muharraq (\$80 million) and an airport terminal expansion (\$51 million).

### **Best Products/Services**

[Return to top](#)

Ministry of Finance (MOF) reported a 3.5 percent growth in the construction sector, from \$356.31 million in 2002 to \$368.83 million in 2003. Construction grew at 12.5 percent and 11.6 percent in 2002 and 2001 respectively. The BMA further reports a significant 113.7 percent increase in the number of construction licenses issued, from 292 in 2002 to 624 in 2003. 2002 had witnessed a 235.6% growth in licenses.

### **Opportunities**

[Return to top](#)

The increase in construction licenses reflected the initiation and continuation of various development projects. These include the \$1.2 billion Durrat Al-Bahrain resort, the \$1 billion Amwaj Islands project, the \$150 million Formula One race circuit, the \$1.3 billion Bahrain Financial Harbour (BFH), the \$1.7 billion Alba expansion, the \$1.5 billion Bahrain Petroleum Company (Bapco) expansion and upgrade, major expansion work at the airport, the \$600 million Hidd industrial zone and port, the \$80 million Hidd bridge (opened late 2004), the new \$92.8-119.4 million Sitra bridge, the \$500 million privatization of the Equestrian and Horse Racing Facilities, the multi-million dollar modernization of Adhari Theme Park, the Bahrain-Qatar causeway, \$600 million Al Areen Resort and Spa in Sakhir, the \$700 million Ice Berg project, \$53 million Zallaq Hotel project, the \$27 million Sitra shopping complex, and other private-sector lead multi-million dollar projects.

The rising cost of construction materials has been a concern for local and regional contractors due to Bahrain's relative dependence on imports. Rising costs during the first quarter of 2004 were attributed to increased global demand for construction inputs, the number of development projects being undertaken in the GCC, and the temporary ban on Saudi sand exports imposed by the Saudi government, which is pending the adoption of new regulations. However, elevated costs are seen as

temporary, and construction projects are expected to continue. Moreover, increased opportunity for contractors may offset financial strain associated with rising material costs.

## Resources

[Return to top](#)

Government of Bahrain (GOB)

<http://www.bahrain.gov.bh/>

Ministry of Commerce (MOC)

<http://www.commerce.gov.bh/>

Ministry of Industry (MOI)

<http://www.industry.gov.bh/>

Ministry of Finance (MOF)

<http://www.mofne.gov.bh/>

Bahrain Economic Development Board (EDB)

<http://www.bahrainedb.com/>

Ministry of Municipalities and Agriculture (MOMA)

<http://www.municipality.gov.bh/>

Bahrain Ports Directorate

<http://www.bahrainports.gov.bh/>

Bahrain International Circuit (BIC)

<http://www.bahraingp.com.bh/>

Bahrain Financial Harbour (BFH)

<http://www.bfharbour.com/>

Bahrain Convention and Exhibition Center (BCEB)

<http://www.bahrainexhibitions.com/>

[Commercial Section, U.S. Embassy Bahrain](#) Contact

(Ms.) Nouf Jamsheer, Commercial Specialist

Email: [JamsheerN@state.gov](mailto:JamsheerN@state.gov) and [Nouf.Jamsheer@mail.doc.gov](mailto:Nouf.Jamsheer@mail.doc.gov)

For more information, please contact the Commercial Section, at the U.S. Embassy in Bahrain.

**Agricultural Sectors**[Return to top](#)

High value U.S. food and beverage products with strong market potential in Bahrain include, in decreasing order: frozen poultry parts; snack foods; processed fruits and vegetables; frozen beef; fresh apples and pears; beer; tree nuts, particularly almonds; dairy products, particularly cheeses; seafood, particularly crab; fruit and vegetable juices; breakfast cereals; prepared meats; packaged rice; dry pulses; and miscellaneous food products, particularly hot sauces, salad dressings, catsup, mayonnaise, vinegar, iodized salt, frozen dough mixes and coffee whiteners. In addition, growth in the local food processing industry will continue to spur demand for beverage bases. Growth in the hotel/restaurant sector may lead to increased demand for U.S. beef products, bakery ingredients, wines and beer.

**Frozen/Chilled Beef**[Return to top](#)

<b>Beef*</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
A. Total Market Size	4.4	3.2	4.0
B. Total Local Production	**	**	**
C. Total Exports	0	0	0
D. Total Imports	4.4	3.2	4.0
E. Total Imports from U.S.	0.5	0.5	0.6

\* Estimates in thousand metric tons

Source: ATO-Dubai estimates

\*\* Negligible

The rapidly expanding hotel/restaurant (HRI) sector, including American fast food/quick service restaurants, prompted a notable increase in imports of U.S. beef. India and Australia dominate the frozen beef market, while imports from Europe, specifically from Ireland, France and the Netherlands, have been curtailed due to the incidence of BSE in that region. Bahrain did not impose a ban on U.S. beef imports after a case of BSE was reported in late 2003.

**Poultry Meat**[Return to top](#)

U.S. poultry meat, particularly chicken parts and to a lesser degree whole chickens and turkey, are well known for their high quality. This past year witnessed a large influx of brand-name chicken parts at very competitive prices. Brazil, France, Saudi Arabia and Denmark dominate the market for frozen whole chickens. Brazil and the U.S. dominate the market for chicken parts. Whole chickens represent 90 percent of total chicken meat imports. The preferred size for whole chicken ranges from 900-1,200 grams per bird. Chicken parts are imported in two-pound trays. The presence of U.S. and allied forces in Kuwait and Iraq, as well as the flow of aid and other commercial shipments to Iraq, should continue to sustain or even increase demand from all sources including the U.S. in 2004 and 2005.

<b>Poultry Meat*</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
A. Total Market Size	25	21	23
B. Total Local Production	4	4	4
C. Total Exports	0	0	0
D. Total Imports	21	17	19
E. Total Imports from U.S.	2.0	2.0	2.2

\* Estimates in thousand metric tons

\*Source: ATO-Dubai estimates

## Resources

[Return to top](#)

For Bahrain's agriculture market, retail sector and food service sector reports, please contact the U.S Department of Agriculture's Trade Office at the Embassy of the United States of America in Dubai, U.A.E.

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 5: Trade Regulations and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

### Import Tariffs

[Return to top](#)

In January 2003, Bahrain took a step toward further GCC integration by ratifying the GCC Unified Customs Union. The agreement eliminated tariffs for GCC member states on 417 items (primarily food and medical products), and lowered to five percent its import duties on all other commodities except alcohol (125% duty) and tobacco (100% duty). Over the next three years, the GCC countries plan to implement a unified tariff standard and a single-point-of-entry system. Inter-GCC trade data for 2004 has yet to be released, however according to the GCC Secretary General for Economic Affairs, intra-GCC trade rose from \$4 billion in 1986 to approximately \$33.8 billion in 2001, an increase of 746 percent. The Government made several changes to its customs duties regime to comply with the newly established GCC Unified Customs Union. New customs classifications are as follows:

▪ Duty Exempt	Includes 417 listed commodities, mostly food and medical products
▪ 5 percent import duty	All other commodities, except tobacco and alcoholic beverages
▪ 100 percent import duty	Tobacco
▪ 125 percent import duty	Alcoholic beverages

In principle, no tax or duty is payable on raw material imports, semi-manufactured goods to be used in manufacturing, imports required for development projects (not including spare parts), transshipments, and re-exports.

Bahrain has phased out most subsidies for export industries, but permits duty-free importation of raw materials for export products and of equipment and machinery for newly established export

industries. All industries in Bahrain, including foreign-owned firms, benefit from government-subsidized utilities.

Foreign products entering or already in the GCC are dealt with as follows:

- Goods imported to the GCC post January 1<sup>st</sup> 2003 will be granted entry if the importer presents certificates issued by the first single-entry point as a proof that his customs duties have been paid after the establishment of the customs union;
- Goods imported to the GCC post January 1<sup>st</sup> 2003, and for which the importer fails to prove payment of customs duties after the establishment of the customs union, shall have their customs duty collected at the customs point of the country of final destination;
- The customs declaration for statistical purposes shall be prepared manually by the owner of the goods or the person who acts on his behalf, or by computer, and shall be approved at the customs exit point and have the local invoices attached to it. Invoices are required to detail the correct value and origin of the goods;
- The importer must ensure that the customs authority has made the necessary endorsements that justify the entry and exit of the goods on the basis of the statistical declaration.

## **Trade Barriers**

[Return to top](#)

For health and religious reasons, alcoholic beverages are assessed a 125 percent customs duty and tobacco products a 100 percent duty. There is no local production of these goods. There are restrictions on the foreign provision of engineering, legal, construction, and pilotage services.

## **Import Requirements and Documentation**

[Return to top](#)

### **Customs Procedures**

Following the completion of the Customs Bill of Entry by the importer or representative agent, the customs authority stipulates the beginning of the clearing process, composed of the following:

- Statistics Office
- Restriction on import and export (Imports and Exports Restriction Office)
- Auditing the customs charges and other charges
- Payment to Cashier of related charges
- Inspection and checking of documents

### **Customs regulation**

In general, the following will apply:

- No customs duty is payable on goods imported in transit or for trans-shipment;

- No customs duty is payable on exports.;
- Raw materials and equipment for use in manufacturing are exempt from duty under the Protection and Support Law;
- Duty exemption for qualified goods is available under the GCC Trade Exchange, the Bilateral Trade Agreement, and the Arabian Free Trade Area Agreement;
- Exemption is available for goods stored in bonded warehouses;
- All other imports are subject to customs duty at rates set in the customs tariff. These apply on CIF Bahrain value.

For imports, Bahraini Customs requires the following documents:

- A Delivery Order issued by the Shipper or the Liner's Agent;
- A Supplier's commercial invoice in duplicate (in Arabic or English);
- A Packing List in duplicate;
- A Certificate of Origin in Arabic or English (produced by a Chamber of Commerce and endorsed by an Arab Embassy);
- A copy of the Insurance Certificate, if applicable;
- A Bill of Lading (four copies), including gross weight and dimensions;
- A bank payment voucher or bank receipt;
- A statistical declaration if the final destination for the goods is in one of the GCC states.

Source: Directorate General of Customs

For food items, the Bahraini Customs Directorate Handbook requires importers to present a manufacturer's certificate stating that goods do not contain cyclamates.

Imported and exported goods are classified according to the Standard International Trade Classification (SITC), Revision 3.

For more information or inquiries please contact:

**Bahrain Customs**

P.O. Box 15

Manama

Kingdom of Bahrain

Tel: +(973) 17-725333

Fax: +(973) 17-727556

Website: <http://www.bahraincustoms.gov.bh/>

E-mail: customs@batelco.com.bh



## **U.S. Export Controls**

[Return to top](#)

U.S. companies exporting to Bahrain need to apply for an export license from the Bureau of Industry and Security (BIS) if their products or services are controlled for any of the following reasons: CB1, CB2, CB3, NP1, NS1, NS2, MT1, RS1, RS2, CC1, CC3. If a firm does not know its export commodity control number, it should contact its local [U.S. Export Assistance Center \(USEAC\)](#) for more information on BIS commodity classification. Additional information about the types of products covered may be obtained from the [State Department's Directorate of Defense Trade](#) or the [Commerce Department's Bureau of Industry and Security \(BIS\)](#).

## **Temporary Entry**

[Return to top](#)

Facilities in the two free zones, Mina Salman and the North Sitra Industrial Estate, may be used for the temporary import of goods for re-export.

## **Labeling and Marking Requirements**

[Return to top](#)

By law, food labels must include product and brand names, production and expiration dates, country of origin, name and address of manufacturer, net weight in metric units, and a list of ingredients in descending order of magnitude. All fats and oils used as ingredients must be specifically identified on the label. Labels must be in Arabic or in Arabic/English. Stickers are not accepted. Small quantities of products in English-only labels may be approved for import on a case-by-case basis for test marketing purposes. Pork products, or products containing pork or pork lard, should be clearly identified as such on the label. Products found to contain traces of pork that are not so labeled will be confiscated and possibly banned from future import for a specified period of time.

## **Prohibited and Restricted Imports**

[Return to top](#)

### **Prohibited Imports**

According to the Bahrain Customs and Ports Directorate Handbook, a number of items are prohibited from import. These include:

- Irradiated food products;
- Weapons, except under special license;
- Pornography and materials considered salacious;
- Wild animals;
- Radio-controlled model airplanes;
- Children's toys containing methyl chloride and other articles declared injurious by the Ministry of Health (MOH);
- Foodstuffs and sweets containing cyclamates.

Manufacturers must present a certificate verifying that foods do not contain cyclamates. Drugs and medicines may only be imported by a drug store or pharmacy licensed by the Ministry of Health (MOH).

Bahrain requires that pharmaceutical products be imported directly from a manufacturer with a research department and that the products be licensed in at least two other GCC countries, one of which must be Saudi Arabia. Drugs and medicines may be imported only by a drug store or pharmacy licensed by the Ministry of Industry and Commerce after approval by the Ministry of Health. Bahrain prohibits the importation of weapons (except under special license), pornography, wild animals, radio-controlled model airplanes, foodstuffs containing cyclamates, and children's toys containing methyl chloride (and other articles declared harmful by the Ministry of Health). Bahrain is also taking steps to ban the import of 127 chemicals.

All imported beef and poultry products require a health certificate issued by the country of export, and a Halal slaughter certificate issued by an approved Islamic center in that country.

For an up-to-date copy of the prohibited items list, please visit Bahrain's Customs website:  
<http://www.bahraincustoms.gov.bh>.

### **Sanctions imposed on imports**

As a member of the Arab League, Bahrain is officially committed to enforcement of the primary aspect of the Arab League's boycott of Israel, but enforcement is lax. Bahrain does not enforce the secondary or tertiary aspects of the boycott. Occasionally, U.S. citizens and firms encounter tender documents that specify participation in the boycott, which U.S. firms cannot legally sign. Document language in such instances is usually quickly adjusted.

### **Export Subsidies**

Bahrain has phased out most subsidies for export industries, but permits duty-free importation of raw materials for export products and of equipment and machinery for newly established export industries. All industries in Bahrain, including foreign-owned firms, benefit from government-subsidized utilities.

**Websites:**

Ministry of Health (MOH)  
<http://www.moh.gov.bh/>

Bahrain Customs Directorate  
<http://www.bahraincustoms.gov.bh/>

Bahrain Ports Directorate  
<http://www.bahrainports.gov.bh/>

Ministry of Commerce (MOC)  
<http://www.commerce.gov.bh/>

Ministry of Industry (MOI)  
<http://www.industry.gov.bh/>

**Contact Information:**

Dr. Salman Abdulnabi  
Head, Veterinary Services  
(*For veterinary regulations, livestock and pet imports, and licensing*)  
Ministry of Municipalities Affairs and Agriculture  
P.O. Box 251  
Manama, Bahrain  
Tel: +(973) 17-691256  
Fax: +(973) 17-694673

Dr. Abdulla Ahmad Abdulla Ali  
Head of Food & Water Control Section  
(*For food product inspection*)  
Ministry of Health  
P.O. Box 12  
Manama  
Kingdom of Bahrain  
Tel: +(973) 17-273683  
Fax: +(973) 17-279253

Mrs. Leila Abdul-Rahman  
Director of Pharmacies and Drug Control  
(*For health foods licensing and inspection*)  
Ministry of Health

P.O. Box 12  
Manama  
Kingdom of Bahrain  
Tel: +(973) 17-258668  
Fax: +(973) 17-259357

Ms. Mona Al-Zeera  
Acting Director of Standards & Metrology  
(*For all standards, including food standards*)  
Ministry of Industry and Commerce  
P.O. Box 5479  
Manama  
Kingdom of Bahrain  
Tel: +(973) 17-523030  
Fax: +(973) 17-530730

Mr. Mohamed Ali Ajoor  
Director of Consumer Protection  
(*For consumer protection and food policy*)  
Ministry of Industry and Commerce  
P.O. Box 5479  
Manama  
Kingdom of Bahrain  
Tel: +(973) 17-523264  
Fax: +(973) 17-530180

Dr. Mohamed Foda  
Plant Protection Advisor  
(*For plant and seed licensing*)  
Ministry of Municipalities Affairs and Agriculture  
P.O. Box 251  
Manama  
Kingdom of Bahrain  
Tel: +(973) 17-691251  
Fax: +(973) 17-695734

### **USDA Contact Information**

Trade Assistance and Promotion Office (TAPO)  
Foreign Agricultural Service (FAS)  
U.S. Department of Agriculture  
Ag Box 1052  
Washington, D.C. 20250-1052  
Tel: +1(202) 7207420  
Fax: +1(202) 6904374  
Website: <http://www.fas.usda.gov/>

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)

**Overview**

As part of the GCC Customs Union, member countries are working toward unifying their standards and conformity assessment systems, and have progressed considerably toward the goal of a unified food standard – originally targeted for adoption by 2006. However, each country currently applies either its own standard or a GCC standard, which can cause confusion for businesses.

Bahraini standards are required to meet national requirements (safety, quality, and fitness for purpose), as prepared by the respective technical committees. Most often, Bahraini standards are adoptions of international or Gulf standards and the development of standards in Bahrain is based on the following principles: a) no Bahraini standard is to be developed if there is an identical draft Gulf standard in existence, b) developing new Bahraini standards must not create trade barriers.

The total number of Gulf standards adopted as Bahraini standards currently stands at 1020, out of which 320 are mandatory and 700 are voluntary. There are also approximately 434 draft Gulf standards in the pipeline.

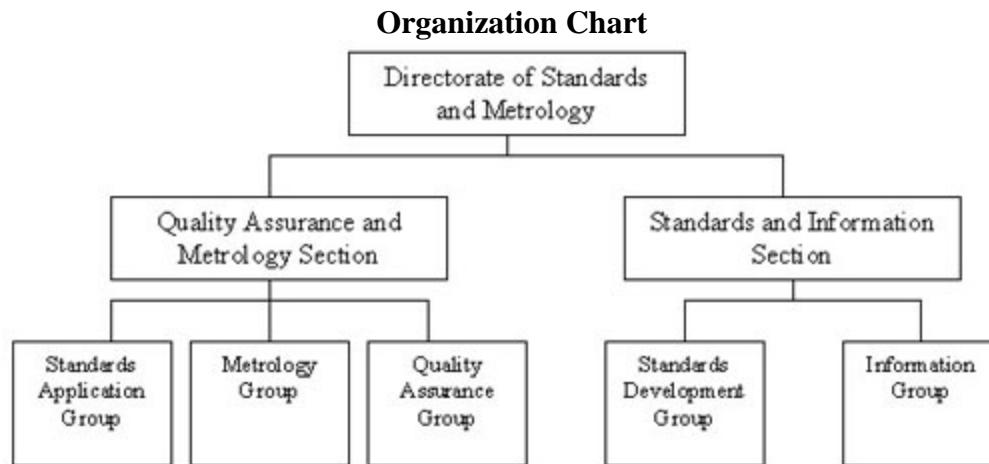
Bahrain's Standards and Metrology Directorate (BSMD) is a government institution within the Ministry of Industry and Commerce. It is responsible, in accordance with Legislative Decree No. 16 of 1985 on Standards and Metrology, as amended by Legislative Decree No. 13 of 1992, for issuing Bahrain's standards, either by adopting as national standards the international or Gulf standards issued by the Gulf Cooperation Council (GCC) Standards and Metrology Organization, or by preparing standards to meet national requirements.

The BSMD is led by a National Committee that acts as the Board of Directors. This board, made up of representatives from relevant ministries and the Chamber of Commerce as well as individual experts, is the highest authority on standards and metrology. The BSMD consists of two sections: the Standards & Information section and Quality Assurance & Metrology section.

Standardization in Bahrain can be traced back to the late 1960s when traffic was shifted from the left to the right side of the road, and liquid measures were converted from the imperial gallon to the liter. The pound was used for mass measurements, and the foot, yard, and mile for length and area measurements. The changeover to the metric system set the pace for standardization in Bahrain.

**Standards Organizations**

The Directorate of Standards and Metrology consists of two Sections. The functions and operations of each section are graphed in the Organization Chart below:



Source: Standards and Metrology Directorate  
Ministry of Industry and Commerce

According to the Ministry of Industry and Commerce, the Standards and Metrology Directorate's major responsibilities are to control and monitor the quality of products and to ensure that trade and industry use accurate measurements. It is also responsible for protecting consumers from commercial fraud and goods of inferior quality, and for protecting the environment from ecologically hazardous goods. It actively promotes standardization, quality-management systems, and the use of accurate measurements in the Kingdom.

The Standards and Metrology Directorate's services include:

1. An information center;
2. Standards development;
3. Standards implementation;
4. Quality development and metrology.

**Conformity Assessment**

[Return to top](#)

The Standards and Metrology Directorate has established an office in Mina Salman (main Port) in the Customs Department to check and approve all regulated products before they enter the market. Currently, controlled products include the following:

1. Tires
2. Car batteries
3. Asbestos
4. Toys
5. Plastic bags
6. Tissue papers

For more information, please contact:

**Standards and Metrology Directorate**

Ministry of Industry and Commerce

P.O. Box 5497

Tel: +(973) 17-523030

Fax: +(973) 17-530730

Website: [www.commerce.gov.bh](http://www.commerce.gov.bh)

E-mail: [bsmd@batelco.com.bh](mailto:bsmd@batelco.com.bh)

**Product Certification**

[Return to top](#)

**Source:** Ministry of Industry and Commerce

## Accreditation

[Return to top](#)

In 1977 a law for measures of mass, length, and volume was published making the use of the kilogram mandatory. In 1979, the use of the meter in the textile trade and land registration was also made mandatory.

No.	Name	Contact Person	Telephone	Fax	Mobile	Address
1-	BVQI – Dubai	Shaker Rasheed	+(973) 17-725010	+(973) 17-727913	+(973) 3-9461542	P.O. BOX.45 Manama Kingdom of Bahrain
2-	DNV – Bahrain	Majdi Burgun	+(973) 17-212552	+(973) 17-211696	+(973) 3-9410907	P.O. BOX.783 Manama Kingdom of Bahrain
3-	BSI – London	John Giakin	+(44) 208996325	+(44) 208967852	+(44) 7768251156	BSI-389 Chinwick High Road – 15 <sup>th</sup> floor East - London WA 4AL – UK
4-	* Moody International – KSA (U.S. Firm)	Wayne Bamford	+(971) 4-2284808	+(971) 4- 2283843	-	-
5-	Lloyds – KSA	-	+(966) 3-8335356	+(966) 3-8321395	-	P.O.BOX 299 Dammam Kingdom of Saudi Arabia
6-	Lloyds – Jordan	-	+(962) 6-5865750	+(962) 6-5864286	-	-
7-	TUV – Bahrain	Naji A. Aziz	+(973) 17-531147	+(973) 17-532548	-	P.O.BOX. 21384 Manama Kingdom of Bahrain
8-	National Quality Assurance		+(971) 2-785696	+(971) 2-761636	-	P.O. BOX. 245 Manama Kingdom of Bahrain
9-	* KPMG Auditors & Management Consultants (U.S. Firm)		+(973) 17-224807	+(973) 17-227443		P.O. BOX. 710 Manama Kingdom of Bahrain



In 1978, Bahrain joined the Arab Organization for Standardization and Metrology (ASMO), now the Arab Center for Standards and Metrology within the Arab Organization for Industrial Development and Mining (AIDMO). Bahrain and the other Gulf States then established the Standardization and Metrology Organization for GCC States (GSMO) in 1984.

At the International level, Bahrain joined the International Organization for Standardization (ISO), and the International Organization for Legal Metrology (OIML) in 1984 as a correspondent member.

In 1985, a law for Standards and Metrology was passed giving the primary responsibility for standards to the Ministry Of Commerce. In 1988, the Directorate of Standards and Metrology at the Ministry of Commerce was officially established in Bahrain to act as a national Standards body.

The Directorate has been implementing quality development activities since 1996. An ongoing project in collaboration with the United Nations Industrial Development Organization (UNIDO) aims to provide assistance and consulting to local companies as they implement the ISO 9001 Standard. In 1999, the Directorate began implementing Total Quality Management (TQM) for small and medium sized enterprises (SMEs).

### **Quality Unit**

In accordance with the agreement between the Ministry of Commerce and the United Nations Development Program (UNDP), the Quality Unit of the Directorate of Standards and Metrology provides consulting services to small and medium sized enterprises to meet the requirements for ISO 9000 certification. Quality Unit staff, with the assistance of a UNIDO expert, provided guidance to six service companies involved in phase two of the quality project. The guidance involved the final documentation of quality systems, and the pre-assessment process. Four out of six of these companies have documented and implemented their quality system.

#### **Publication of Technical Regulations**

[Return to top](#)

The National Committee of the Directorate of Standards and Metrology approves and issues procedures for the implementation of national standards. The National Committee has approved several GCC standards as mandatory. It issued these in the form of a ministerial order, and also published them in the Official Gazette.

(Note: The Official Gazette is available on the [Ministry of Industry and Commerce's](#) E-Gazette link: located on the top right-hand corner.)

#### **Labeling and Marking**

[Return to top](#)

Bahrain has replaced its product shelf-life requirements – a major impediment to U.S. processed food exports to the Gulf region, with international (Codex) standards. Food labels must include product and brand names, production and expiration dates, country of origin, name and address of

the manufacturer, weight in metric units, and a list of ingredients and additives in descending order of importance.

Arabic labels are required on all products sold in Bahrain. U.S. companies willing to print Arabic labels and provide bilingual promotional and marketing assistance have a competitive edge. All fats and oils used as ingredients must be listed in Arabic or Arabic and English. Documents and labels must not contain any reference to Israel, including flags or other icons that refer to Israel.

Although stickers providing such information are not legally accepted, if they provide required labeling information exceptions are normally made.

Small quantities of products with English-only labels may be approved for import on a case-by-case basis for test marketing purposes. Pork products, or products containing pork or pork lard, should be clearly identified as such on the label. Products found to contain traces of pork that are not so labeled will be confiscated and possibly banned from future import for a specified period.

## **Trade Agreements**

[Return to top](#)

Bahrain is a member of the Gulf Cooperation Council (GCC). Duty-free access from Bahrain to other GCC countries is granted provided exported products have a minimum of 40 percent local value-added. According to the Bahraini Ministry of Finance, Bahrain signed 26 bilateral trade agreements with Arab and non-Arab countries around the world, categorized as follows:

- Agreements on the promotion and protection of investments
- Agreements on the avoidance of double taxation and prevention of income tax evasion
- Agreements on reciprocal exemption from income tax in the business of international air transport
- Agreements on economic, trade, and technical co-operation

Bahrain and the U.S. signed a bilateral investment treaty (BIT) in September 1999, the first BIT between the United States and a GCC state. The agreement entered into force in May 2001.

As of July 2003, Bahrain had bilateral investment protection agreements in place with Algeria, China, Egypt, Jordan, Malaysia, Morocco, Syria, Philippines and the UK. Bahrain has economic and commercial cooperation agreements with Australia, Bangladesh, China, Egypt, France, Greece, India, (Iraq), Jordan, Morocco, the Netherlands, Russia, Singapore, South Korea, Syria, Tunisia, Turkey and the UK.

Bahrain has air transportation tax agreements with China, France, Greece, Singapore, Turkey, UK, U.S. and Yemen, and two transportation agreements with Syria. Bahrain has concluded double taxation agreements with Egypt, France, India, Jordan, Malaysia, Morocco, the Philippines, Thailand and Tunisia.

## **Web Resources**

[Return to top](#)

Standards and Metrology Directorate, Ministry of Industry and Commerce

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)

### Openness to Foreign Investment

[Return to top](#)

Bahrain is widely considered to be one of the most open countries in the region and generally follows an open-market philosophy. The country has been able to make significant progress in its ongoing process of economic liberalization, diversification of national income, and openness to investment policies in recent years. Bahrain has already amended existing legislation and promoted new laws aimed at facilitating and encouraging foreign investment, and senior government officials believe it is imperative to continue working toward economic diversification and increase the volume of investment in the services, tourism, industry, and the financial sector. Officials make frequent public statements citing the importance of foreign direct investment, bolstering the private sector's role in the economy, lessening the burden on government, and eventually decreasing government subsidies.

The 2006 Heritage Foundation's "Index of Economic Freedom" ranked Bahrain 25<sup>th</sup>, marking a decline from the previous year's ranking of 20<sup>th</sup>. The ranking reduction was attributable to the decline of its monetary policy score, as a result of a 0.04 percent jump in its annual inflation rate, and a decline of its IPR score, "upon more detailed analysis and based upon the fact that the judiciary is not fully independent from the King." The Index rated Bahrain as "mostly free." Even so, the Heritage Foundation recognizes Bahrain as "the freest [economy] in the region."

The United Nations Conference on Trade and Development's (UNCTAD) World Investment Report 2005 ranked Bahrain as the highest and best among all Arab countries for its FDI performance, noting an FDI influx of \$865 million in 2004, a 41.1 percent increase from 2003, and third among all Arab countries for its potential FDI performance.

The UN Economic and Social Commission for Western Asia (ESCWA), recognized Bahrain's 7 percent rate of real economic growth in 2005, partially attributable to a strong surge in oil prices, as the highest in the Arab world.

The Government of Bahrain is determined to actively increase the entry of new private firms in an economy that has long been dominated by parastatals (outside of the financial services sector). Following the creation of a Supreme Privatization Council in the spring of 2001, the King of Bahrain, Shaikh Hamad bin Isa Al-Khalifa, issued a decree in October 2002 laying out guidelines privatizing telecommunications, transportation, electricity, water, ports and airport services, tourism, oil, gas and postal service.

Bahrain's Crown Prince, Shaikh Salman bin Hamad Al-Khalifa, is also an outspoken proponent of privatization in Bahrain. The Crown Prince was entrusted with the King's labor, economic, and training/education reform initiatives in 2004 and assumed the Chairmanship of the Economic Development Board (EDB). Following ministerial changes in January 2005, the King issued Royal Decree No. 31 for 2005, amending article 9 of 2000, delegating the national economic and investment portfolio to the EDB, which had formerly served as an economic think tank. Under the Chairmanship of the Crown Prince, the EDB was entrusted with the implementation and execution of a three-tiered reform initiative, focusing on labor, economic, and education reform. The EDB's main strategic functions are to promote investment in key economic sectors, support and encourage foreign investment, attract foreign companies to establish a presence in Bahrain, support and develop local entrepreneurial skills, simplify and eliminate investment obstacles, and secure Bahrain's economic leadership and competitiveness as a regional business and commercial hub.

Following the King's decree to privatize government-controlled sectors, the first key sector to be liberalized was telecommunications, which ended the monopoly of the 33.3 percent state-owned telecomm service provider, Bahrain Telecommunications Company (Batelco). Under Legislative Decree 48, the Telecommunication Law of 2002 established the Telecommunication Regulatory Authority (TRA). In accordance with article 15 of the Telecommunication Law, the National Telecommunication Plan was issued in 2003. The plan serves as a guideline for the liberalization process and addresses licensing opportunities, Universal Service Obligations, the Bahrain Internet Exchange (BIX), Batelco's licensing activities, and the government's role in Batelco.

Under the National Telecommunication Plan, and in accordance with the government's progressive elimination of Batelco's monopoly, an unlimited number of licenses could be issued in ten areas of telecommunication service. However, the Plan also provided for limitations on the number of licenses issued for Bahrain Internet Exchange and mobile telecommunications services. It stated, "In the mobile area, one license will be issued to Batelco, and one further license will be issued to a market entrant under the provision that, in normal circumstances, further licenses shall not be issued for a minimum of two years from date of award." (MTC-Vodafone was granted the mobile provider

license in 2003.) According to TRA figures, as of January 2006 the following telecommunications licenses were granted:

- two Individual Mobile Telecommunication Licenses;
- ten International Telecommunication Facility Licenses (IFL);
- twenty six International Telecommunication Services Licenses (ISL);
- five Individual National Fixed Service Licenses;
- eight VSAT Licenses;
- one Individual Paging Service Licenses;
- thirty Value Added Services (VAS) "Class" Licenses;
- one Individual Public Access Mobile Radio Service License;
- one Bahrain Internet Exchange License;
- sixteen Internet Service Provider Licenses (ISP);
- two Frequency Licenses;
- three Temporary WiFi Frequency Licenses.

Following the privatization of public transportation service in 2003, CARS, a Bahraini-UAE joint venture, began operating later that year with 41 new, air-conditioned, 52-seat buses. This represented a \$10 million investment in the local economy.

The Kingdom's first independent power plant project (IPP) was also successfully tendered and awarded to the equally-shared Belgian-Gulf consortium Tractebel EGI and Gulf Investment Corporation (GIC) to design, build, own, operate, and maintain the 1,000MW-a-day, \$498.4 million Al Ezzel Independent Power Producer (IPP). Under the contract, the government is to pay the amount in 20 years. The first phase, with a production capacity of 400MW, is set to be completed in April 2006. The second phase, with a capacity of 600MW, is projected to be complete by 2007. The project is expected to create 120 jobs, 100 of them for Bahrainis. The proposed network is part of a \$26.5 million upgrade and setup of new transmission grids, linking Al Ezzel station with the government's main power network. The government also has plans to expand its distribution network and award contracts for three new sub-stations, in anticipation of the extra electricity generated by the plant.

In January 2006, the \$1.25 billion Hidd Power and Water Station project was sold to an international business conglomerate of British power supplier International Power, Japanese Sumitomo Corporation, and Belgian electricity company Suez Energy International (Suez Tractebel). The privatization of Hidd Power and Water Station reinforces the government's privatization strategy, which is aimed at enhancing the private sector's role in Bahrain's development process and fostering a positive business-based climate by attracting more local and foreign investments.

A 25-year port management bid for the concession to operate the Mina Salman port and the new Khalifa Bin Salman Port was awarded to a consortium of Dutch-based APM Terminals and Bahrain-based Yusuf Bin Ahmed Kanoo Holdings WLL in May 2005.

Under the privatization law, the government's commitment to gradually divest of its interests and stakes in certain companies is intended to increase the private sector's competitiveness. The Public

Shareholding Directorate at the Ministry of Finance contracted the consulting arm of UK-based HSBC to carry out the consultancy and survey on the sale of the government's shares in Batelco. Some National Assembly lower house members (Council of Representatives) had criticized the government's divestiture of the remaining state holdings in Batelco. On January 8, 2006, the Cabinet approved the formation of a \$5.31 billion holding company to control the government's commercial and investment interests in 22 local and 9 foreign companies. The firm will have a paid up capital of approximately \$3.44 billion, and an authorized capital of approximately \$5.03 billion.

In support of Bahrain's status as a respected financial center, the Bahrain Monetary Agency (BMA) meets the highest international standards of financial regulation. The BMA, Bahrain's 'central bank', is the sole regulatory authority for the Bahrain Stock Exchange (BSE). The Governor of the BMA chairs the BSE Board of Directors, but the BSE operates as an independent corporate entity. Dow Jones Indexes and the Bahrain Stock Exchange launched the Dow Jones Bahrain Index on July 5, 2005. Gulf Cooperation Council (GCC) firms and citizens are permitted to own up to 100 percent of companies listed on the BSE. Non-GCC firms/citizens may own up to 49 percent of listed companies. Under the terms of the U.S.-Bahrain Bilateral Investment Treaty (BIT) and the U.S.-Bahrain Free Trade Agreement (FTA), U.S. investors are eligible for most-favored-nation treatment and national treatment (or GCC) treatment beginning January 1, 2005, (with an exception for any in-kind limitations applied to Bahraini, GCC, or third national investors). If discrepancies occur, U.S. firms/individuals are encouraged to contact the U.S. Embassy.

In March 2004, as part of an effort to stimulate the insurance industry and reinforce Bahrain's position as a major insurance center in the Middle East, the Bahrain Monetary Authority (BMA) lifted the requirement that foreign insurance brokers and loss adjusters partner with a local company. These foreign firms, which were previously required to have at least 51 percent Bahraini-ownership, are now permitted to operate with 100 percent foreign-ownership. The BMA is holding consultations on further reform in areas such as captive insurance, solvency, business conduct, risk management and financial crime, enforcement, BMA reporting and public disclosure, intermediaries, and Islamic insurance. Legislations to transform the BMA into an internationally recognized Central Bank is currently under study by the government.

Taxation and import laws apply equally to Bahraini and foreign-owned companies, and foreign investors must comply with the same requirements and legislation, as do local firms.

In anticipation of the GCC Customs Union, Bahrain reduced customs tariffs to five percent in January 2002 for imported goods, with exceptions for alcohol (125 percent) and tobacco (100 percent), and entirely exempted customs duties for a list of 417 food and medical items. In December 2005, the GCC agreed to extend until 2007 a transition period to unify regional customs tariffs at 5 percent, compared to the current 4 to 15 percent.

Bahrain requires that pharmaceutical products be imported directly from a manufacturer with a research department and that the products be licensed in at least two other GCC countries, one of which must be Saudi Arabia. Drugs and medicines may be imported only by a drug store or pharmacy licensed by the Ministry of Industry and Commerce (MOIC) after approval by the Ministry of Health. Bahrain prohibits the importation of weapons (except under special license), pornography, wild animals, radio-controlled model airplanes, foodstuffs containing cyclamates, and children's toys containing methyl chloride (and other articles declared harmful by the Ministry of

Health). Bahrain is also taking steps to ban the import of 127 chemicals. In response to the threat of Avian Influenza, Bahrain has banned the importation of live birds. Bahrain currently imports poultry meat only from those countries certified free of Avian Influenza by the World Health Organization.

Bahrain has phased out subsidies for export industries, but permits duty-free importation of raw materials for export products and of equipment and machinery for newly established export industries. All industries in Bahrain, including foreign-owned firms, benefit from government-subsidized utilities.

Periodically, foreign firms experience difficulty obtaining required work permits and residence visas for expatriate employees due to the Bahraini government's efforts to promote greater numbers of Bahraini citizens in the workforce. However, this does not appear to be a matter of high-level policy, and often can be resolved on a case-by-case basis. Where problems occur, U.S. businesses are encouraged to apply to the highest levels of the concerned ministries, and to consult the [U.S. Embassy](#). Furthermore, legislation reforming Bahrain's labor market has been proposed and is currently pending approval from Bahrain's legislative branch, the National Assembly.

Bahrain offers several advantages to U.S. and other foreign investors, including a Bilateral Investment Treaty with the United States (in force as of May 2001) and a bilateral Free Trade Agreement (FTA) signed in September 2004, and ratified by both legislatures in 2005. FTA entry-into-force is pending Bahraini implementing legislation in the area of intellectual property rights (IPR).

The government actively seeks Bahraini and foreign private investments in large infrastructure projects. Previously, most such activity (other than hotels) was funded by development agencies from other Gulf countries (particularly Kuwait, UAE, and Saudi Arabia). Foreign-owned companies are eligible for partial financing from the state-owned Bahraini Development Bank (BDB), if they meet certain criteria such as providing training and employment to a significant number of Bahrainis. BDB's capitalization was increased from \$26.5 to \$132.6 in 2005, part of government's effort to increase funding for new businesses and investments, and offering 'fast-track' loans to Bahraini entrepreneurs. The BDB has also launched an Islamic Financing facility, reflecting the growing demand for Islamic financial instruments and products.

## **Conversion and Transfer Policies**

[Return to top](#)

Bahrain has no restrictions on the repatriation of profits or capital and no exchange controls. Bahrain's currency, the Bahraini Dinar (BD), is fully and freely convertible at the fixed rate of USD 1.00 = BD 0.377 (1 BD = \$2.659). There is no black market or parallel exchange rate. Foreign exchange is readily available and a devaluation of the Bahraini Dinar over the next year is highly unlikely. There are no restrictions on converting or transferring funds, whether or not associated with an investment. MPs have submitted a proposal imposing a one percent increase of money transferred out of Bahrain, claiming that an annual average of \$39.8 million is transferred out of Bahrain.



There have been no expropriations in recent years, and no cases in contention. The U.S.-Bahrain Bilateral Investment Treaty (BIT) protects U.S. investments by banning all expropriations (including “creeping” and “measures tantamount to”) except those for a public purpose. In which case, it must be carried out in a non-discriminatory manner, with due process, and prompt, adequate, effective compensation.

**Dispute Settlement**[Return to top](#)

Bahrain has a long-established framework of commercial law. English is widely used, and well-known international (including U.S.) law firms, working in association with local partners, provide expert legal services both nationally and regionally. Fees are charged according to internationally accepted practices. Although only a Bahraini lawyer can argue in a Bahraini court of law, lawyers of other nationalities can and do work on cases.

From May 2001, the U.S.-Bahraini BIT provides for three dispute settlement options: 1) submitting the dispute to a local court; 2) invoking dispute-resolution procedures previously agreed upon by the national or company and the host country government; and 3) submitting dispute for binding arbitration to ICSID (International Center for Settlement of Investment Disputes) or any arbitral institution agreed upon by both parties.

The GCC Commercial Arbitration Center, established in 1995, serves as a regional specialized body providing arbitration services. It assists in resolving disputes between GCC companies or between other parties and GCC countries. The Center implements rules and regulations in line with accepted international practice. Thus far, few cases have been brought to arbitration. The Center conducts seminars, symposia, and workshops to help educate and update its members of any new arbitration related matters. The Center’s contact details are as follows:

GCC Commercial Arbitration Center  
P.O. Box 2338  
Manama, Kingdom of Bahrain  
Tel: +(973) 17-214-800  
Fax: +(973) 17-214-500  
Website: [www.gccarbitration.com](http://www.gccarbitration.com)  
Email: [arbit395@batelco.com.bh](mailto:arbit395@batelco.com.bh)

Arbitration procedures are largely a contractual matter. Disputes are historically referred to an arbitration body as specified in the contract, or to the local courts. Increasingly, Bahraini companies, in dealings with both local and foreign firms, include arbitration procedures in their contracts. Most commercial disputes are resolved privately without recourse to the courts or formal arbitration. Bahraini law is generally specified in all contracts for the settlement of disputes that reach the stage of formal resolution. Occasional lawsuits against individuals or companies for nonpayment of debts have been adequately handled by Bahrain’s court system. The guidelines laid down by the International Chamber of Commerce (ICC) in Paris are generally respected, and

disputes have been occasionally referred to arbitration at the ICC in Paris. Bahrain is a signatory to the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitration Awards.

## **Performance Requirements and Incentives**

[Return to top](#)

There are no special performance requirements imposed on foreign investors. This is reinforced by the U.S.- Bahraini BIT, which forbids mandated performance requirements as a condition for the establishment, acquisition, expansion, management, conduct or operation of a covered investment. Foreign and Bahraini-owned companies must meet the same requirements and comply with the same environmental, safety, health, and other labor requirements. Officials at the Ministries of Labor and Commerce and Industry supervise, on a non-discriminatory basis, companies operating in Bahrain.

Industries must be set up in identified industrial areas. An Environmental Impact Statement (EIS) must be filed by all manufacturing facilities. After one complete year of operation, a manufacturing facility is eligible for relief from tariffs imposed by other GCC states on imported goods.

## **Right to Private Ownership and Establishment**

[Return to top](#)

In principle, private entities may freely establish, acquire, and dispose of interests in business enterprises, subject to the limitations noted in this chapter.

The U.S.-Bahrain FTA was ratified in 2005. The agreement seeks to expand and promote the scope of economic, commercial, investment, and trade relations between the two countries. Bahrain can benefit from increased investment in the country, while U.S. investors in Bahrain will enjoy open access to Bahrain.

The U.S.-Bahrain Bilateral Investment Treaty (BIT) provides benefits and protection to U.S. investors in Bahrain, such as most-favored-nation treatment and national treatment, the right to make financial transfers freely and without delay, international law standards for expropriation and compensation cases, and access to international arbitration. The BIT guarantees national treatment for U.S. investments across all sectors, with exceptions for ownership of television, radio (or other media), fisheries, and privatization of oil dredging or exploration. Bahrain also provides most-favored-nation or national treatment status to U.S. investments in air transportation, the buying or ownership of land, and the buying or ownership of shares traded on the Bahrain Stock Exchange (BSE). Where problems occur, U.S. businesses are encouraged to apply to the highest levels of the concerned ministries, and to consult the [U.S. Embassy](#).

Because of the national treatment offered American firms in the Bilateral Investment Treaty (BIT), American firms interested in selling products exclusively in Bahrain are no longer required to appoint a commercial agent, though they may opt to do so anyway. A commercial agent is any

Bahraini party appointed by a foreign party to represent the foreign party's product or service in Bahrain.

Bahrain permits 100 percent foreign-ownership of new industrial entities and the establishment of representative offices or branches of foreign companies without local sponsors. Wholly foreign-owned companies may be set up for regional distribution services and may operate within the domestic market as long as they do not exclusively pursue domestic commercial sales. Private investment (foreign or Bahraini) in petroleum extraction is permitted only under a production-sharing agreement with BAPCO, the state-owned petroleum company.

Since January 2001, foreign firms and GCC nationals may own land in Bahrain. Non-GCC nationals may now own high-rise commercial and residential properties, as well as property in tourism, banking, financial and health projects, and training centers, in specific geographic areas.

## **Protection of Property Rights**

[Return to top](#)

The Bahraini legal system adequately protects and facilitates acquisition and disposition of property rights. The concept of a mortgage exists, and there is a recognized and reliable system of recording such security interests. However, there is currently no mortgage law that guarantees lenders the right to repossess property in case of mortgage non-repayment.

The U.S.-Bahrain FTA commits Bahrain to enforce world-class IPR protection. Bahrain signed the Berne Convention for the Protection of Literary and Artistic Works and the Paris Convention for the Protection of Industrial Property in 1996. Bahrain has joined the Patent Cooperation Treaty, Madrid Agreement, WIPO Copyright Treaty, WIPO Performances and Phonograms Treaty, the Rome Convention, the International Convention for the Protection of New Varieties of Plants and the Patent Law Treaty.

The Budapest Treaty, Trademark Law, and Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite are currently before Parliament.

The following pending legislation will bring Bahrain's local IPR legislation in compliance with WIPO and is awaiting legislative approval:

- trade secrets;
- copyright and related rights;
- designs of integrated circuits;
- geographic indicators;
- individual drawings and designs;
- patents and utility models;
- plant varieties;
- trademarks.

The government's copyright enforcement campaign began late 1997 and was based on inspections, closures, and improved public awareness. The campaign targeted the video, audio and software businesses with impressive results. Bahrain has been aggressive in combating video and audio piracy. However, software piracy, which has shifted from retail to end-user violations, remains problematic.

There are no technology transfer requirements that force firms to share or divulge technology through compulsory licensing to a domestic partner, nor are firms forced to commit to undertake research and development activities in Bahrain.

## **Transparency of Regulatory System**

[Return to top](#)

In October 2002, Bahrain implemented a new government procurement law that establishes the basic framework for a transparent, rules-based government procurement system. It provides that certain procurements may be conducted as international public tenders open to foreign suppliers. To implement this law, a tender board, chaired by a Minister of State, was established in January 2003 to oversee all government tenders and purchases. In the past, government-tendering procedures for large projects were not highly transparent. U.S. companies sometimes reported operating at a disadvantage compared with other international firms. Contracts were not always decided solely based on price and technical merit, and selected, pre-qualified firms were occasionally invited to bid on major government tenders. As of January 2003, however, the Tenders Board processes all tender decisions valued at \$26,525 (BD 10,000) or higher. Individual ministries and departments may still process projects valued at less than \$26,525 (BD 10,000). U.S. firms report that the process is greatly improved over the previous system, though some challenges remain. A local representative with strong connections may still be important in the bidding process.

In the case of manufacturing enterprises, bureaucratic procedures and red tape created stumbling blocks mainly due to the lack of coordination between government ministries, which must sign off at one stage or another of the licensing procedure.

In an attempt to streamline licensing and approval procedures, the Ministry of Commerce and Commerce opened the Bahrain Investors Center (BIC) in October 2004 for both local and foreign companies seeking to register in Bahrain.

This high-tech, customer-friendly and easy to find facility, located in one of Bahrain's largest malls is part of a larger effort by the government to attract firms to use Bahrain as their "Gateway to the Gulf" by setting up regional operations here. The BIC is designed as a "one-stop shop" providing all commercial licensing and registration services. It houses representatives from all relevant ministries (over a dozen) and private sector representatives from the telecommunication, legal, banking, and consulting industries under one roof.

Officials from the Ministry note that the BIC can process and issue 80 percent of commercial registration applications within 24 hours and 10 percent of commercial registrations within five

working days. The remaining 10 percent, mostly those having to do with health, environment, power and or other essential services, are processed separately according to sector specific regulations and licenses are issued on a case-by-case basis.

Draft legislation is proposed by the Cabinet and by both the lower house (Council of Representatives) and upper houses (Shura Council) of the National Assembly. Once the government produces a draft law and submits it to the lower and upper houses of the National Assembly for approval, it is then passed to the Cabinet for the King's signature. After the King signs the law, the law is published in the Public Gazette and it enters into force.

Entrenched local business interests with government influence can cause problems for potential competitors. Interpretation and application of the law sometimes varies by ministry, and may be dependent on the stature and connections of an investor's local partner, if one exists.

## **Efficient Capital Markets and Portfolio Investment**

[Return to top](#)

Consistent with the government of Bahrain's liberal approach to foreign investment, government policies facilitate the free flow of financial resources. Foreigners and Bahrainis alike have ready access to credit on market terms. Generally, credit terms are variable, but often are limited to 10 years for loans under \$50 million. For major infrastructure investments, banks will often offer to assume a part of the risk, and Bahrain's onshore and offshore banks have shown extensive cooperation in syndicating loans for larger risks. Generally, Bahrain's banks are described as hungry for solid investment opportunities.

The banking system is sound, and undergoes examination and supervision by the Bahrain Monetary Agency (BMA), which has a solid international reputation. Due to precautionary measures taken by the New York headquarters of Citibank during the last quarter of 2002, Citibank pulled about \$30 billion from their Bahrain based offshore operations due to "Operation Iraqi Freedom" (OIF). This resulted in an apparent 33.4 per cent decline in Bahrain's offshore banking units' (OBU's) March 2003 assets over March the previous year (\$58.82 billion in 2003 compared with \$88.4 in 2002). In May 2003, Citibank returned to Bahrain the \$30 billion it had pulled out due to OIF.

## **Political Violence**

[Return to top](#)

Bahrain experienced intermittent civil unrest in the mid 1990's. These disturbances were directed primarily against the government, but in a few cases expatriate property, including homes, vehicles, and places of business were damaged or destroyed, and several South Asian workers were killed. Although the situation improved steadily after 1997, the 2002 upsurge in violence between Israelis and Palestinians sparked anti-Israeli and anti-American demonstrations in Bahrain. The protests peaked in April 2002 when a mob attacked the U.S. Embassy and set fire to U.S. Government vehicles. Since that incident, large-scale protest activity has subsided. Youths rioted in downtown Manama on December 31, 2002 and inflicted significant damage to public and private property.

The 2003 Iraq war sparked a few political protests near the American and British Embassies in which some private and government property was damaged.

In October 2003, the Bahraini Court charged 10 youths over violent protests by a concert against a Lebanese singer whose performance was deemed immoral by Islamists. Protesters threw petrol bombs during pitched battles with police, damaging private vehicles.

In March 2004, rioters protesting liquor sale attacked a restaurant in Bahrain burning and damaging private owned vehicles. Reportedly, the rioters also set two cars ablaze and smashed windows of several vehicles. The foreign co-owner of the restaurant estimated a \$15,262 (BD 5,000) worth of physical damage on the property.

The Bahrain Chamber of Commerce and Industry (BCCI) have recently announced their intentions of forming a business-lobby that advocates for and behalf of the private sector to defy extremism in the lower house of the National Assembly (Parliament).

A number of sometimes violent demonstrations and protests occurred in the last quarter of 2005 and in early 2006. Demonstrators are demanding government action on several social issues and the release of protesters arrested in earlier clashes.

## **Corruption**

[Return to top](#)

According to U.S. firms, high-level corruption is sometimes an obstacle to foreign direct investment and contracting, particularly in the contract-bidding process and in operating investments. In the case of some high-value contracts, government-tendering procedures have not always been transparent and contracts have not always been decided on the basis of price and technical merit. However, petty corruption is relatively rare in Bahrain. The bureaucracy is sometimes inefficient but it is honest. Giving or accepting a bribe is illegal, although the relevant laws are rarely enforced. Officials have been dismissed for blatant corruption, but it is never so stated officially; no one has been tried in court for corruption. The King and Crown Prince have come out publicly in favor of reducing corruption and some Ministries have initiated clean-up efforts to reduce the problem. The expatriate business community is cautiously optimistic that there is growing transparency in the government procurement process. A new law to thoroughly revamp government procurement procedures went into effect in January 2003. Bahrain is not a signatory to the OECD Convention on Combating Bribery.

## **Bilateral Investment Agreements**

[Return to top](#)

Bahrain and the U.S. signed a bilateral investment treaty (BIT) in September 1999, the first BIT between the United States and a GCC state. The agreement entered into force in May 2001.

As of July 2003, Bahrain had bilateral investment protection agreements in place with Algeria, China, Egypt, Jordan, Malaysia, Morocco, Syria, Philippines and the UK. Bahrain has economic and commercial cooperation agreements with Australia, Bangladesh, China, Egypt, France, Greece,

India, Iraq, Jordan, Morocco, the Netherlands, Russia, Singapore, South Korea, Syria, Tunisia, Turkey and the UK. Bahrain has air transportation tax agreements with China, France, Greece, Singapore, Turkey, UK, U.S. and Yemen, and two transportation agreements with Syria. Bahrain has concluded double taxation agreements with Egypt, France, India, Jordan, Malaysia, Morocco, the Philippines, Thailand and Tunisia.

## **OPIC and Other Investment Insurance Programs**

[Return to top](#)

On April 25, 1987, Bahrain and the U.S. Government signed an agreement regarding activity in Bahrain by the Overseas Private Investment Corporation (OPIC). The agreement opened the way for extension of such OPIC facilities as investment insurance, reinsurance, and investment guarantees to U.S. private investors interested in doing business in Bahrain.

## **Labor**

[Return to top](#)

The Bahrain labor force is estimated at 320,000, nearly two-thirds of whom are expatriates. The government has publicly recognized that unemployment is a major social and political issue. Although the government has not maintained official unemployment statistics, the United Nations Development Program (UNDP) estimates unemployment among Bahrainis to be 15 to 20 percent and as high as 30 percent in some Shi'ite villages. One of the government's primary initiatives for combating unemployment is "Bahrainization," or the replacement of expatriate workers by national ones. In 2002 the Government of Bahrain reserved certain professions, including heavy vehicle drivers, for Bahraini nationals.

Crown Prince Salman launched a national debate in 2004 that was aimed at creating a new economic, labor, education and training vision for the Kingdom.

Draft labor reform legislation is currently under review at the National Assembly's Lower House. The legislation calls for the establishment of a Labor Market Regulatory Authority (LMRA) and a Labor Fund. The proposed reform effort would establish a phased fee to be paid to the government by employers of foreign workers.

In 2005, the government allocated approximately \$80 million for phase one of the King's National Employment Program (NEP) that serves as a training fund for unemployed Bahrainis. The government reported that almost 900 private firms took part in this project by offering either training or recruitment opportunities. At the close of the NEP registration period, 12,172 Bahrainis had been identified as unemployed.

The government is seeking to establish Bahrain as a regional center for human resource development. Bahrain has over 50 training institutes that offer training in a variety of areas such as hospitality, information technology, business studies, English language studies, and banking. Major training institutes include the Bahrain Institute for Banking and Finance (BIBF), Bahrain Training Institute (BTI), KPMG, and the British Council. Both educational and vocational training curricula

have been criticized recently for not adequately preparing Bahrainis for the workforce. The government is making concerted efforts to turn this situation around.

Another major step that the government is undertaking is development of the labor union movement. Unions first became legal in 2002 and the government is in the process of bringing its labor codes into compliance with ILO core labor standards.

## **Foreign-Trade Zones/Free Ports**

[Return to top](#)

Mina Salman, Bahrain's major port, provides a free transit zone to facilitate the duty-free import of equipment and machinery. The North Sitra Industrial Estate is an industrial free zone and another one is planned for Hidd. Foreign-owned firms have the same investment opportunities in these zones as Bahraini companies.

A 1999 law requires that investors in industrial, or industry-related, zones launch a project within one year from the date of receiving the land, and development will have to conform to the specifications, terms and drawings submitted with the application. Changes are not permitted without approval from the Ministry Industry.

## **Foreign Direct Investment Statistics**

[Return to top](#)

Foreign investments in Bahrain range from partial foreign ownership of large parastatals in the oil and telecommunications sectors to restaurant franchises. As the economy is virtually tax-free, the government does not maintain detailed statistics foreign direct investment flows. The largest, by value, of foreign holdings in Bahrain include:

- Aluminum Bahrain (ALBA) and the Gulf Petrochemical Industries Complex (GPIC), each of which are owned as joint investments by several Gulf states.
- The Arab Shipbuilding and Repair Yard (ASRY), which is jointly owned by Bahrain, Kuwait, Saudi Arabia, the United Arab Emirates, Qatar, Iraq (participation frozen) and Libya (participation frozen).
- Britain's Cable and Wireless' 20 percent holding in the Bahrain Telecommunications Company (BATELCO).
- U.A.E. based Majid Al Futtaim Investments are investing \$26.4 in the new Bahrain City Center cinema complex.
- Bahrain National Gas Company (BANAGAS) is owned by Bahrain, a Saudi investment firm and Caltex Bahrain.



-- Amwaj Islands tourism project is jointly owned by Bahraini, Kuwaiti and Saudi corporate and individual investors.

-- The \$600 million tourism project of Al Areen Desert Spa and Resort is owned by the Government of Bahrain, various private investors and Gulf Finance House.

-- The development of the \$1.3 billion Bahrain Financial Harbor project, owned by Gulf Finance House, personal and corporate GCC investors.

According to U.S. Embassy records, approximately 180 U.S. companies were operating in one form or another in Bahrain as of January 2006. U.S. investments in Bahrain are divided by sectors, and are listed below:

### Information Technology

-- In July 2005, Microsoft, Bahrain Training Institute (BTI), Esterad Investment Company, Bahrain Internet Society (BIS), and the Bahrain Institute of Technology and Bahrain Development Bank, signed a \$1.3 billion deal with the Bahrain Financial Harbor development to co-market IT, upgrade skills, and support services of the Bahrain Financial Harbor Development. This project was endorsed by the Ministry of Labor.

-- Microsoft Bahrain launched its new 'B-OnLine' initiative in November 2004. The B-OnLine initiative is designed to address the obstacles faced by Bahraini SMEs in acquiring and using the latest technologies for the benefit of their day-to-day operations. Microsoft will work with the Ministry of Commerce, Batelco, and Bank of Bahrain and Kuwait to form an initiative consortium that will provide the necessary advice and value-added services to facilitate the acquisition of B-OnLine.

-- In March 2004, Microsoft and BDO Jawad Habib were awarded Bahrain's e-investor project contract. The system offers investors and potential investors an online one-stop-shop government database of information and services.

-- Cisco Systems has entered into a significant technology partnership with Bahrain's Amwaj Telecom, signed in September of 2005, to provide next generation network infrastructure for Amwaj Islands' Smart City, the technological backbone of Amwaj Islands.

### Construction/Engineering

-- Skidmore, Owings & Merrill LLP was selected by the Kingdom of Bahrain to develop a set of comprehensive national planning strategies and is preparing a strategy to address and integrate Bahrain's physical, economic, social and environmental development, focusing mostly on land-use and development.

-- Great Lakes Dredge & Dock is performing dredging operations in conjunction with the \$464 million new Shaikh Khalifa Port in Hidd Industrial area. A \$105 million dredging contract has also

been awarded to US-Bahraini joint venture Great Lakes - Nass (Great Lakes Dredge & Dock and Nass Group).

-- Parsons provided the designer and supervising engineers for a \$26 million-flyover project in Bahrain's Seef area.

-- Binnie, Black and Veatch International Limited are the consultants for Phase 3 of the Hidd (Power) and Desalination Complex. The project was estimated to cost \$400 million.

-- Turner International and Atkins are set to start construction on the \$1.5 billion Bahrain Business Bay. The Four Seasons hotel will be the centerpiece of the development, and is expected to be the tallest building in Bahrain. Skidmore, Owings & Merrill has completed the master plan for the first phase of the project, which is being developed by Bahrain Bay Development, a joint venture between Arcapita Bank and a Bahrain-based investment group.

-- General Electric Energy, Stone and Webster and Chicago Bridge and Iron Company were among five companies that participated in the feasibility study of Kuwait Finance House's \$1.3 petrochemical plant project. The planned facility will be capable of providing total power capacity of 1,000MW per hour and 30 million gallons of water per day while simultaneously producing seven key petrochemical products. These include: 345,000 tons of ethylene dichloride (EDC), 564,000 tons of caustic soda, 231,000 tons of propane, 150,000 tons of butane, and 44,000 tons of gasoline in addition to some quantities of hydrogen and sulphur. Approximately 255 million standard cubic feet per day of natural gas will be required to operate the complex at full capacity. The complex is expected to be completed by the first quarter of 2008.

-- Bechtel was responsible for the Engineering Procurement Construction and Management (EPCM) of aluminum smelter ALBA's \$1.7 billion fifth pipeline expansion project.

-- Parsons Global was appointed as consultants to the Bahrain District Cooling Company (Tabreed Bahrain). The technology is aimed at reducing electricity consumption in Bahrain by 70 percent.

### Financial Services

-- The Bahrain Monetary Agency (BMA) has granted a license to global insurance broking and consulting giant, Aon Corporation, to establish Aon Re Middle East, an insurance brokerage firm in Bahrain.

-- A joint venture between Bahrain-based Ithmaar Bank, US-based Overland Capital Group, Bahrain-based Gulf Finance House BSC, and Kuwait-based Gulf Investment House established The First Leasing Bank, with authorized capital of \$50 million and paid-up capital of \$10 million.

### Health

-- Joslin Diabetes Center Affiliate - Bahrain (a partnership between the Joslin Diabetes Center and local businessmen). Joslin Diabetes Center Bahrain has interjected a total of \$9 million, and is expected to increase its investments with its new expansion plans.

-- Accenture was awarded a contract to structure the Ministry of Health's Information and Communication Technology Strategy (ICT), revamping the Ministry of Health's management and organizational structure, which will include interrelated systems, functional requirements, business requirements, administrative requirements, as well as technical infrastructure requirements. The Ministry of Health's E-Health project initiative has yet to be finalized by the Ministry of Cabinet Affairs.

## **Web Resources**

[Return to top](#)

<http://www.buyusa.gov/bahrain/en/>

<http://www.bahrainedb.com/>

<http://www.bhaintenders.gov.bh/ftenders/english/main/downloads.asp>

<http://www.bahrainchamber.org.bh/english/main.htm>

<http://www.commerce.gov.bh/>

<http://www.bma.gov.bh/cmsrule/bmaindex.jsp>

[http://www.ustr.gov/Trade\\_Agreements/Bilateral/Bahrain\\_FTA/Section\\_Index.html](http://www.ustr.gov/Trade_Agreements/Bilateral/Bahrain_FTA/Section_Index.html)

[Return to table of contents](#)

## **Chapter 7: Trade and Project Financing**

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

### **How Do I Get Paid (Methods of Payment)**

[Return to top](#)

Letter of Credit (L/C) is the preferred method of payment for exports. The L/C should conform to international guidelines established by the International Chamber of Commerce (ICC), as published in the Uniform Customs and Practice for Documentary Credits (UCP). L/Cs offer certain advantages to the seller who depends on the creditworthiness of the opening (issuing) bank rather than that of the buyer. For the buyer, an L/C ensures that all of the seller's documents are correct before payment is made.

Other possible methods of international commercial payments include cash, open credit, and documentary credit sales.

According to a post-conducted telephone/fax survey of local companies that regularly import a wide range of products from the U.S., the most commonly used method of payment is open accounts, followed by commercial letters of credit.

Post estimates the breakdown of payment methods as follows:

2.5 percent cash in advance  
28 percent commercial letter of credit  
53.5 percent open account  
5 percent documentary collections  
0 percent consignment sales  
10 percent bankers acceptances  
0 percent barter transactions  
0 percent trade factoring  
10 percent other methods

### **How Does the Banking System Operate**

[Return to top](#)

Bahrain is a principal financial services hub in the Middle East. Legal, regulatory, and accounting systems in the financial sector (onshore and offshore) are transparent and consistent with international norms. International financial institutions operate in Bahrain, both internationally and domestically, without impediments.

The Bahrain Monetary Agency (BMA), Bahrain's central bank, regulates the banking sector under the provisions of the BMA law (Decree Law No. 23 of 1973). In May 2002, the Government of Bahrain announced that regulatory responsibility for the insurance sector and stock exchange would move to the BMA. This move was completed in late 2002.

As of February 2005, the Bahrain Monetary Agency (BMA), Bahrain's central bank, issued 203 licenses. Seventeen new licenses were issued in 2004: one investment bank, four offshore banking units, one full commercial bank, two investment advisory brokers, two financial services ancillary service providers, three representative offices, one money exchange unit and three Islamic banking and financial institutions.

Major U.S. banks and financial services firms in Bahrain include Citibank, J P Morgan Chase, American Express, and Merrill Lynch. Bahrain recently announced that it hopes to attract more investment funds and 'special purpose companies' by re-assessing the fees.

In March 2004, in an effort to stimulate the insurance industry and reinforce Bahrain's position as a major insurance center in the Middle East, the BMA lifted the requirement that foreign insurance brokers and loss adjusters must have a local partner in order to operate. These firms, which were previously required to have at least 51 percent Bahraini-ownership, are now permitted to operate with 100 percent foreign-ownership. The BMA is holding consultations on further reform in areas such as captive insurance, solvency, business conduct, risk management and financial crime, enforcement, BMA reporting and public disclosure, intermediaries, and Islamic insurance

#### **Foreign-Exchange Controls**

[Return to top](#)

There are no foreign exchange controls or other obstacles to the free movement of funds.

#### **U.S. Banks and Local Correspondent Banks**

[Return to top](#)

##### **Citibank/Citicorp**

P.O. Box 548

Manama, Kingdom of Bahrain

Tel: +(973) 17-588588

Fax: +(973) 17-588595

Citibank operates as a full commercial bank, OBU, representative office, and as an Islamic-banking subsidiary.

##### **J P Morgan Chase**

P.O. Box 368

Manama, Kingdom of Bahrain

Tel: +(973) 17-535388

Fax: +(973) 17-535135

Chase operates as an offshore bank.

##### **Merrill Lynch International Bank**

P.O. Box 10399

Manama, Kingdom of Bahrain  
Tel: +(973) 17-530260  
Fax: +(973) 17-530245  
Merrill Lynch operates as an investment bank.

## **Project Financing**

[Return to top](#)

For major infrastructure investments, Bahrain's onshore and offshore banks have extensive experience with syndicated loans for larger risks. The Bahrain Development Bank (BDB) promotes industrial development in Bahrain. It also lends funds in some cases to local projects it considers appropriate, but funding is not limited to projects of Bahraini-owned companies. It is allocated on market terms and is available to foreign investors. Generally, credit terms are variable, but usually are limited to 10 years with a maximum grace period of 2 years.

## **Web Resources**

[Return to top](#)

Export-Import Bank of the United States  
<http://www.exim.gov/>

Country Limitation Schedule  
[http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)

Overseas Private Investment Corporation (OPIC)  
<http://www.opic.gov/>

Trade and Development Agency  
<http://www.tda.gov/>

SBA's Office of International Trade  
<http://www.sba.gov/oit/>

USDA Commodity Credit Corporation  
<http://www.fsa.usda.gov/ccc/default.htm>

U.S. Agency for International Development  
<http://www.usaid.gov>

Bahrain Development Bank (BDB)  
<http://www.bdb-bh.com/background.htm>

[Return to table of contents](#)

[Return to table of contents](#)

## **Chapter 8: Business Travel**

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

### **Business Customs**

[Return to top](#)

Personal contact, frequently renewed, is key to doing business successfully in Bahrain. Visiting business professionals should be prepared to spend a portion of any business call socializing and getting to know their counterparts.

Most government offices operate Saturday through Wednesday, and many companies are also open half-days on Thursdays. Most commercial banks are open Saturday through Thursday. Employees of offshore financial institutions often follow a more Western workweek.

### **Travel Advisory**

[Return to top](#)

[http://travel.state.gov/travel/warnings\\_consular.html](http://travel.state.gov/travel/warnings_consular.html)

### **Visa Requirements**

[Return to top](#)

Entry visas for American citizens may be obtained upon arrival at the Bahrain International Airport. U.S. holders of regular passports can obtain a two-week visa at the airport for 5 BD (\$13) payable in Bahraini Dinars only. Entry visas can also be obtained from the Bahraini Embassy in Washington, D.C., where a 5-year visa costs \$50.

The General Directorate for Immigration and Passports developed a custom-made, user-friendly electronic visa website. The website aims to speed the airport's visa processing method and also to attract tourists through this simplified and accessible method. For more information, please visit: [www.immigration.gov.bh/english/index-1.htm](http://www.immigration.gov.bh/english/index-1.htm).

An Israeli entry stamp in a passport is not a bar to obtaining a Bahraini visa or to entering Bahrain, but not all airline personnel are aware that the former prohibition no longer applies.

Crime is generally not a problem in Bahrain. In the past there have been occasional minor civil disturbances in various parts of the country. The U.S. Embassy advises American citizens to avoid any disturbances or large gatherings in the streets, and to avoid travel into villages, if it is not necessary. Americans in Bahrain, as elsewhere, should maintain a high level of security awareness while following their daily business or social routines in light of the global threat of terrorism. For regularly updated security more information, please visit the U.S. Embassy Bahrain's website at <http://www.usembassy.gov.bh/>

U.S. Companies that require travel of foreign businesspersons to the United States should allow sufficient time for visa issuance if required. Visa applicants should go to the following links.

State Department Visa  
<http://travel.state.gov/visa/index.html>

United States Visas.gov  
<http://www.unitedstatesvisas.gov/>

Consular Section, U.S. Embassy Bahrain  
<http://www.usembassy.gov.bh/Section/CONS/html/index.asp>

Bahrain E-Visa Services  
<http://www.evisa.gov.bh/>

Immigration and Passports Directorate, Ministry of Interior  
<http://www.immigration.gov.bh/>

## **Telecommunications**

[Return to top](#)

Hotel accommodations are excellent, with a large selection of five-star hotels available. All hotels are equipped with reliable phone and fax service, and many hotels also provide Internet, wire services, and business and conference centers.

The majority state-owned Bahrain Telecommunications Company (Batelco) provides excellent telecommunications services for all sectors of the economy.

Telecommunications services in Bahrain employ fully digitized systems and state-of-the-art technology. Services provided by Batelco include direct dialing and fax transmission to almost anywhere in the world, GSM mobile telephony, high-speed data circuits, integrated service digital networks (ISDN), and corporate messaging facilities. In a move to liberate the telecommunications sector, the Government of Bahrain in April 2003 awarded a 15-year mobile telecommunications license to MTC-Vodafone. MTC-Vodafone (a consortium owned by UK's Vodafone and Kuwaiti and Bahraini investors) began operations in late 2003, and in April 2004 announced that it had captured 10 percent of Bahrain's mobile market with plans to dominate 30 percent by the end of the year. In light of the high mobile penetration in Bahrain (78 percent), and the growth in mobile customers after the introduction of competition, Batelco announced plans in June to invest \$23.9 million in the company's mobile network, increasing its mobile line capacity to over 550,000. As of



July 2004, Batelco remains the sole Internet service provider (ISP) in Bahrain, offering dial-up access via 56K modem or ISDN lines. In April, Batelco completed an expansion that doubled the company's Internet bandwidth speed to 400 mega bits per second, representing a major performance improvement to the national data network.

The Telecommunications Regulatory Authority (TRA), established in late 2002, awarded the second mobile telecommunications services license to MTC-Vodafone, thus ending the monopoly of Bahrain's telecom services provider, Batelco. The license was awarded under the Telecommunications Law, which took effect January 2003.

Telecommunications liberalization also extended to paging services, very small aperture terminal (VSAT), public access mobile radio services, international telecommunications facilities, international telecommunications services, national fixed services, internet service provider (ISP) and value-added services license following the full liberalization of the sector on July 1, 2004.

As of December 2004, the TRA announced the provision of three International Telecommunications Facility licenses (IFLs), five International Telecommunications Services Licenses (ISLs), five VSAT licenses, fifteen value-added Services (VAS) "Class" licenses and eight Internet Service Provider (ISP) licenses.

For a listing of companies that have been granted licenses to operate in the Kingdom of Bahrain, or more information on the Telecommunication Regulatory Authority's regulations and services, please visit the Telecommunication Regulatory Authority's (TRA) webpage, [www.tra.org.bh](http://www.tra.org.bh).

## **Transportation**

[Return to top](#)

Bahrain has a well-developed road network. Well-lit, multi-lane highways cover the country. The 25-kilometer Bahrain-Saudi Causeway, which opened in November 1986, created many new commercial opportunities. Construction has begun on a network of futuristic superhighways with a series of flyovers to eliminate bottlenecks. These superhighways are part of a \$530.9 million master plan to improve the country's road network. The North Manama Corridor Improvement Plan involves the construction of the Seef and Pearl flyovers in Manama (\$26 million).

Rental cars are readily available, but an International Driving License is required and must be validated in Bahrain. Major car rental firms will help qualified clients obtain a temporary Bahraini driving license. Cabs are easy to find in downtown Manama. There is also a reliable telephone metered taxi service, telephone +(973) 17-682-999 for return transportation from less central locations. Most major roads are three to six-lanes and are well maintained. In the older parts of Manama, Muharraq, and in villages, many streets are narrow, twisting, and sometimes in relatively poor condition. Traffic is congested in some areas of Manama and the Seef Mall. Drivers should exercise caution at the roundabouts (traffic circles) found at many major intersections. Radar and speed detection cameras are installed near some traffic lights. Travel at night is more hazardous. Defensive driving is recommended.

Ministry of Transportation

<http://www.transportation.gov.bh/>

## Language

[Return to top](#)

English is widely spoken in Bahrain in various Bahraini government sectors and the business sector.

## Health

[Return to top](#)

Bahrain has a modern health system. All Bahrainis receive free state health care. Most companies offer their expatriate workers some sort of health coverage, either through insurance companies, in which case rates are negotiable, or through arrangements with one or more of the local private hospitals. There is a \$8 fee for expatriates attending an emergency clinic in a government hospital.

Hospitals, clinics, and pharmacies--including several 24-hour pharmacies--are widely available and of high quality. Certain pharmaceutical products may be unavailable, or sold under a European name. Medical Insurance: The Department of State strongly urges U.S. citizens to consult with their medical insurance company prior to traveling abroad to confirm whether their policy applies overseas and whether it will cover emergency expenses such as medical evacuation.

Other Health Information: Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the Centers of Disease Control and Prevention's hotline for international travelers at 1-877-FYI-TRIP (1-877-394-8747; fax 1-888-CDC-FAXX (1-888-232-3299), or via the CDC's internet site at <http://www.cdc.gov/travel>. For information about outbreaks of infectious diseases abroad consult the World Health Organization's (WHO) website at <http://www.who.int/en>. Further health information for travelers is available at <http://www.who.int/ith>.

Bahrain Ministry of Health (MOH) website, <http://www.moh.gov.bh/>

## Local Time, Business Hours, and Holidays

[Return to top](#)

Bahrain is seven hours ahead of Eastern Standard Time (or eight hours ahead of Eastern Daylight Savings Time).

The private sector normally operates from 8:00 a. m. – 5:00 p.m., Saturday-Wednesday. Financial institutions operate from 8:30 a.m. – 5:30 p.m., Sunday-Thursday. The public sector operates from 7: 15 a.m. – 2:15 p.m., Saturday-Wednesday.

The private sector follows the Bahrain Chamber of Commerce and Industry's (BCCI) local, national, and religious observations. Financial institutions follow the Bahrain Monetary Agency (BMA), and the public sector follows the GOB's local and religious holiday observations.

## **U.S. Embassy, Bahrain 2005 Holiday Schedule**

January 1, Saturday	New Year's Day Observed
January 15, Saturday	Martin Luther King, Jr. Birthday Observed
January 20 -22 Thursday - Saturday	Eid Al-Adha*
February 12 Saturday	Al Hijra, Islamic New Year*
February 18-19 Friday – Saturday	Ashoorra*
April 21, Thursday	Prophet Mohammed's Birthday*
May 01, Sunday	Labor Day
May 28, Saturday	Memorial Day
July 2, Saturday	Independence Day
September 3, Saturday	Labor Day (US)
October 8, Saturday	Columbus Day
November 3-5 Thursday-Saturday	Eid Al Fitr*
November 12, Saturday	Veterans Day
November 26, Saturday	Thanksgiving Day
December 16 – 17 Friday – Saturday	Bahrain National Day**
December 24, Saturday	Christmas Day

\* Local religious holidays are governed by the lunar calendar and are subject to change. The Government of Bahrain will announce exact dates.

Business travelers to Bahrain seeking appointments with U.S. Embassy Bahrain officials are encouraged to schedule an appointment with the Commercial Section prior to departure from the

U.S. The Commercial Section may be reached by telephone at +(973) 17-242746, fax at +(973) 17-256717, or e-mail [Bahrain.office.box@mail.doc.gov](mailto:Bahrain.office.box@mail.doc.gov)

### **Temporary Entry of Materials and Personal Belongings**

[Return to top](#)

The Bahrain International Airport has no restrictions or temporary entry of personal electrical equipment such as laptops, software, or exhibit materials.

Civil Aviations Directorate and Bahrain International Airport  
[http://www.bahrainairport.com/index\\_web.htm](http://www.bahrainairport.com/index_web.htm)

### **Web Resources**

[Return to top](#)

U.S. State Department Travel Advisory  
[http://travel.state.gov/travel/warnings\\_consular.html](http://travel.state.gov/travel/warnings_consular.html)<http://www.usembassy.gov.bh/>

State Department Visa  
<http://travel.state.gov/visa/index.html>

United States Visas.gov  
<http://www.unitedstatesvisas.gov/>

Consular Section, U.S. Embassy Bahrain  
<http://www.usembassy.gov.bh/Section/CONS/html/index.asp>

Bahrain E-Visa Services  
<http://www.e-visa.gov.bh/>

Immigration and Passports Directorate, Ministry of Interior  
<http://www.immigration.gov.bh/>

Civil Aviations Directorate and Bahrain International Airport  
[http://www.bahrainairport.com/index\\_web.htm](http://www.bahrainairport.com/index_web.htm)

Telecommunication Regulatory Authority's (TRA)  
<http://www.tra.org.bh/>

Ministry of Transportation  
<http://www.transportation.gov.bh/>

Centers of Disease Control and Prevention  
<http://www.cdc.gov/travel>.

World Health Organization's (WHO) Infectious Disease Outbreaks <http://www.who.int/en>

World Health Organization's (WHO) Traveler Health Information

<http://www.who.int/ith>

Bahrain Ministry of Health (MOH)

<http://www.moh.gov.bh/>

Commercial Section, U.S. Embassy Bahrain

<http://www.buyusa.gov/bahrain>

[Return to table of contents](#)

[Return to table of contents](#)

## **Chapter 9: Contacts, Market Research, and Trade Events**

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

### **Contacts**

[Return to top](#)

#### **U.S. Government Websites**

Commercial Section, U.S. Embassy Bahrain  
<http://www.buyusa.gov/bahrain>

U.S. Embassy, Bahrain  
<http://www.usembassy.gov.bh/>

U.S. International Trade Administration (ITA)  
<http://www.ita.doc.gov/>

U.S. Commercial Service  
[http://www.export.gov/comm\\_svc/](http://www.export.gov/comm_svc/)

Department of Commerce  
<http://www.export.doc.gov/>

Department of Energy  
<http://www.energy.gov/>

Export-Import Bank  
<http://www.exim.gov/>

Overseas Private Investment Corporation  
<http://www.opic.gov/>

Small Business Administration  
<http://www.sba.gov/>

Department of State  
<http://www.state.gov/>

U.S. Trade and Development Agency  
<http://www.tda.gov/>

Department of Transportation  
<http://www.dot.gov/>

Department of the Treasury  
<http://www.treasury.gov/>

United States Trade Representative (USTR)  
[www.ustr.gov](http://www.ustr.gov)

Agriculture Trade Office (ATO), Embassy of the United States of America in Dubai, U.A.E.  
<http://www.usembabu.gov.ae/atodubai.htm>

Foreign Agriculture Service (FAS), U.S. Department of Agriculture  
<http://www.fas.usda.gov/>

## **Government of Bahrain Websites**

Government of Bahrain (GOB)

<http://www.bahrain.gov.bh/>

Ministry of Commerce (MOC)

<http://www.commerce.gov.bh/>

Ministry of Industry (MOI)

<http://www.industry.gov.bh/>

Bahrain Economic Development Board (EDB)

<http://www.bahrainedb.com/>

Ministry of Finance (MOF)

<http://www.mofne.gov.bh/>

Bahrain Monetary Agency (BMA)

<http://www.bma.gov.bh/>

Ministry of Transportation (MOT)

(covers public transportation, telecommunications, postal services, and civil aviation )

<http://www.transportation.gov.bh/>

Telecommunication Regulatory Authority (TRA)

<http://www.tra.org.bh/>

Bahrain Internet Exchange (BIX)

<http://www.bix.bh/>

Ministry of Municipalities and Agriculture (MOMA)

<http://www.municipality.gov.bh/>

Bahrain Tenders Board

<http://www.bahraintenders.gov.bh/>

Bahrain Tourism Directorate

<http://www.bahraintourism.com/>

Bahrain International Circuit (BIC)

<http://www.bahraingp.com.bh/>

Bahrain Convention and Exhibition Center (BCEB)

<http://www.bahrainexhibitions.com/>



Survey and Land Registration Bureau  
<http://www.slr.gov.bh/>

Immigration and Passport Directorate, Ministry of Interior (MOI)  
<http://www.immigration.gov.bh/>

General Traffic Directorate  
<http://www.traffic.gov.bh/>

Civil Aviation Directorate and Bahrain International Airport  
[http://www.bahrainairport.com/index\\_web.htm](http://www.bahrainairport.com/index_web.htm)

Bahrain Ports Directorate  
<http://www.bahrainports.gov.bh/>

Bahrain Customs Directorate  
<http://www.bahriancustoms.gov.bh/>

Bahrain E-Visa Services  
<http://www.evisa.gov.bh/>

Shura or Consultative Council (Upper House of the National Assembly)  
<http://www.shura.gov.bh/>

Al Nuwab or Council of Representative (Lower House of the National Assembly)  
<http://www.nuwab.gov.bh/>

Legal Affairs Directorate  
<http://www.bahrain.gov.bh/legalaffairs/>

Ministry of Education (MOE)  
<http://www.education.gov.bh/>

Ministry of Labor (MOL)  
<http://www.bah-molsa.com/>

Pension Fund Commission (PFC)  
(Public Sector Retirement Planning Commission)  
<http://www.pfc.gov.bh/>

General Organization for Social Insurance  
(Private Sector Retirement Planning Organization)  
<http://www.gosi.org.bh/>

Bahrain Center for Studies and Research (BCSR)  
<http://www.bcsr.gov.bh/>

Bahrain Civil Service Bureau (CSB)  
<http://www.csb.gov.bh/>

University of Bahrain (UoB)  
<http://www.uob.bh/>

Bahrain Training Institute (BTI)  
<http://www.bti.com.bh/>

Bahrain Internet  
<http://www.inet.com.bh/>

Bahrain Television (BTV)  
<http://www.bahraintv.com/>

## **Private Sector**

Akhbar Al Khaleej Newspaper  
<http://www.akhbar-alkhaleej.com/>

Al Ayam Newspaper  
<http://www.alayam.com/>

Al Wasat Newspaper  
<http://www.alwasatnews.com/>

Al Meethaq Newspaper  
[www.almeethaq.net](http://www.almeethaq.net)

Gulf Daily News (GDN)  
<http://www.gulf-daily-news.com/>

Bahrain Tribune (BT)  
<http://www.bahraintribune.com/>

Arabian Exhibition Management (AEM)  
<http://www.aeminfo.com.bh/>

Reflections  
<http://www.reflectionsbh.com>

AIFG/International Fairs Group  
<http://www.amadeusifg.com>

Mice Management W.L.L.  
<http://www.mice-management.com/>

Hilton Hotel  
<http://www.hilton.com/>

Diplomat Radisson SAS Hotel  
<http://www.diplomatrdsas.com.bh/>

Regency Intercontinental Hotel  
[www.intercontinental.com/manama](http://www.intercontinental.com/manama)

Sheraton Hotel  
<http://www.sheraton.com/bahrain>

Gulf Hotel  
<http://www.gulfhotelbahrain.com/>

Crowne Plaza Hotel  
<http://www.crowneplaza-bahrain.com/>

Ritz Carlton Hotel  
<http://www.ritzcarlton.com/>

Movenpick Hotel  
<http://www.moevenpick-group.com/>

Novotel Hotel  
<http://www.novotel.com/>

Aluminum Bahrain (Alba)  
<http://www.albasmelter.com/>

Bahrain Telecommunications (Batelco)  
<http://www.batelco.com/>

MTC-Vodafone Bahrain  
<http://www.mtc-vodafone.com.bh/>

Bahrain Financial Harbour (BFH)  
<http://www.bfharbour.com/>

For more information, please contact the [Commercial Section, at the U.S. Embassy in Bahrain.](#)

## **Market Research**

[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

## **Trade Events**

[Return to top](#)

Please click on the links below for information on upcoming trade events.

U.S. Government Export Portal  
<http://www.export.gov/tradeevents.html>

Commercial Section, U.S. Embassy Bahrain

<http://www.buyusa.gov/bahrain>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

Commercial Section, U.S. Embassy Bahrain's webpage: <http://www.buyusa.gov/bahrain>.

[Return to table of contents](#)

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at (800) USA-TRADE, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.